



Daily Report

China

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Daily Report

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General

Deng Announces Gorbachev Meeting, Gandhi Visit
HK1410021988 Hong Kong SOUTH CHINA
MORNING POST in English 14 Oct 88 pp 1, 12

[By Seth Faison, in Beijing]

[Text] Senior leader Mr Deng Xiaoping said yesterday he would meet Soviet President Mikhail Gorbachev next year in a summit expected to bring an end to 30 years of strained relations between the two communist giants.

Discussing Sino-Soviet relations with Finnish President Mauno Koivisto, Mr Deng said Foreign Minister Mr Qian Qichen would lay the groundwork for the summit—expected to be held in Beijing next spring—when he travels to Moscow later this year.

Mr Deng surprised his visitors by adding that the Indian Prime Minister, Mr Rajiv Gandhi, would also visit China, which will mark the first top level meeting between those two countries since Chairman Mao Zedong met Mr Gandhi's grandfather, Jawaharlal Nehru, in 1954.

"It is expected that this will be a new opening in relations between China and India," Mr Deng was quoted as saying by the Finnish Foreign Minister, Mr Kalevi Sorsa.

Mr Deng did not specify when the summit with Mr Gorbachev would be held, saying only that it would be some time next year, according to Mr Sorsa. The last Sino-Soviet summit was in 1959 when Nikita Khrushchev met Mao in Beijing.

In Moscow President Gorbachev said he was ready to meet Mr Deng "any place" but no date has been set, a Foreign Ministry spokesman Mr Gennady Gerasimov said.

Mr Gerasimov said the Soviets had agreed in principle to a meeting.

Because of Mr Deng's age—he is 84—the summit is expected to be held in Beijing, some time after a return visit to China by the Soviet Foreign Minister, Mr Eduard Shevardnadze, in early 1989.

"I think you'll see Gorbachev climbing the Great Wall by April or May," predicted one Western diplomat.

Foreign Ministry spokeswoman Ms Li Jinhua denied that any firm plans had been made, but expectations have mounted steadily over the past year as Soviet and Chinese officials sized each other up in increasingly frequent working meetings.

Mr Deng once said he would meet Mr Gorbachev "anywhere, anytime" as soon as three conditions were met—removing disputes along their 7,000 km border, removing Soviet troops from Afghanistan and removing the Vietnamese presence from Kampuchea.

Two of these conditions have been met, but by agreeing to a summit before Vietnamese troops have completely withdrawn—Hanoi has promised to pull out by 1990—China is demonstrating a measure of good faith in Mr Gorbachev's ability to influence his Vietnamese allies, one analyst has said.

Apart from strategic concerns, Mr Deng is believed to want a summit with the Soviet leader to round out his long list of accomplishments since he assumed power in China a decade ago.

The diminutive, chain-smoking leader is said to have told the Finnish President yesterday that he was getting too old.

Multiple foreign policy initiatives may reflect an attempt by Mr Deng to reinvigorate his leadership at a time when some of his economic reforms have been criticised and forced to slow down.

On the Soviet side, an important factor in securing the summit may have been Mr Gorbachev's recent consolidation of political control in Moscow—especially shuffling the position of hardline Politburo member, Mr Yegor Ligachev.

Mr Ligachev is said to disagree with the leader's liberal foreign policy, as well as with his domestic reforms, and to have strongly resisted putting pressure on Vietnam to withdraw their estimated 100,000 troops from Kampuchea.

When Soviet officials came to Beijing six weeks ago for discussions with the Chinese on the Kampuchea problem, their hosts were cautious, apparently not entirely convinced of Moscow's intentions to ensure the Vietnamese withdrawal.

Diplomats also expect the summit to further shake up the shifting triangle of interests between China, the Soviet Union and the United States.

Chinese officials have warned that it would be impossible for them to return to the close relations they enjoyed in the 1950s, and have assured U.S. officials that a summit will not harm American interests.

Trade between China and the Soviet Union, which has already started to blossom, is expected to grow substantially in the coming years if diplomatic relations proceed smoothly.

Relations with India have remained tense since a border war erupted between them in 1962, and were exacerbated over the years by India's closeness to Moscow while China has pursued an alliance with Pakistan, India's enemy.

Soviet Official on Readiness for PRC Summit
OW1410025388 Beijing XINHUA in English
0221 GMT 13 Oct 88

[Text] Moscow, October 13 (XINHUA)—The Soviet Union is ready for a summit with the Chinese leadership, a Foreign Ministry spokesman said today.

Gennadiy Gerasimov told a news conference here that it is the Soviet Union's standing policy to be prepared to have a summit with China.

Gerasimov said Chinese Foreign Minister Qian Qichen will soon travel to Moscow under an agreement he reached with Soviet Foreign Minister Eduard Shevardnadze in New York recently, where they were attending the UN General Assembly session.

Shevardnadze will then pay a return visit to China and the groundwork for a summit will be laid, he said.

Gerasimov said the two foreign ministers focused their talks in New York on the Kampuchean problem and that their discussions were "constructive."

PRC, U.S. Held Talks on Cambodia
OW1310080788 Beijing XINHUA in English
0741 GMT 13 Oct 88

[Text] Washington, October 12 (XINHUA)—Chinese and U.S. officials said here today that an early withdrawal of Vietnamese troops from Kampuchea is the key to a settlement of the Kampuchea issue.

Chinese Deputy Foreign Minister Zhu Qizhen and U.S. Under Secretary of State for Political Affairs Michael Armacost expressed the view during the annual Sino-U.S. deputy-ministerial consultations, alternately held in Beijing and Washington.

Zhu and Armacost expressed support for the establishment of a Kampuchean coalition government under the "genuine" leadership of Prince Norodom Sihanouk.

Zhu, who arrived here October 9 for a four-day visit, will meet U.S. Secretary of State George Shultz tomorrow before he leaves for home.

Article on Future of Khmer Rouge, Vietnam
HK1210122488 Hong Kong HSIN WAN PAO
in Chinese 12 Oct 88 p 3

["Evening Talk" by Yang Chu (5017 2612): "Earliest Possible Withdrawal of Vietnamese Troops Remains the Most Important Point"]

[Text] THE NEW YORK TIMES [subhead]

It is widely rumored that China will let Pol Pot resettle permanently there, but China itself has not yet mentioned or at least, has not yet clearly affirmed this.

Paul Louis, a reporter for THE NEW YORK TIMES, even said that Chinese officials in the United Nations had told foreign diplomats at the UN General Assembly that China was willing to offer political asylum to Pol Pot and other senior leaders of the Khmer Rouge.

Changing the Head [subhead]

He reported that China, Vietnam, the United States, and other countries believe that the leading group of the Khmer Rouge must be changed to produce a moderate image and to convince other factions in Cambodia to include the Khmer Rouge in the national reconciliation government.

No Chinese official directly told him this, and no one knows whether any Chinese official made such remarks to foreign diplomats.

No Name Was Mentioned [subhead]

According to a report by ASSOCIATED PRESS, the spokesman for the Chinese delegation to the United Nations said yesterday:

"If the entire affair is in keeping with China's laws, China will accept any foreigners in the capacity of refugee."

This statement may be construed as China's implication of its willingness to accept Pol Pot, but anyhow, the spokesman did not mention Pol Pot by name.

Between China and the Soviet Union [subhead]

It is now widely rumored that China and the Soviet Union have reached agreement: The Soviet Union will exert pressure on Vietnam and force Hanoi to work out a force withdrawal timetable as soon as possible; while China has agreed to resettle Pol Pot and some other people in China. "Some other people" may include Ieng Sary.

It is said that Khieu Samphan is not included in those who will be resettled in China, and he will join the four-party national reconciliation government.

All this has not been confirmed by China, and the official XINHUA NEWS AGENCY has not issued any report about this.

Complete Force Withdrawal [subhead]

This does not mean that there are no possibilities; that Pol Pot and his company have no part in the new government does not mean that the Khmer Rouge will have no part. Khieu Samphan will represent one of the four parties in the government.

The normalization of Sino-Soviet relations is in line with the interests of both peoples, and also in line with the general world tendency.

The most important thing is that Vietnam withdraws all its troops from Cambodia and winds up its dream of dominating Indochina.

If Vietnam does so, not only Sino-Soviet relations will be normalized, but it is also possible that Sino-Vietnamese relations be normalized.

USSR Offers To Help India Update MiG-21
OW1210154388 Beijing XINHUA in English
0854 GMT 12 Oct 88

[Text] New Delhi, October 12 (XINHUA)—The Soviet Union has offered to help India update the MiG-21 aircraft with new wings and sophisticated avionics to give it the capability of the Light Combat Aircraft (LCA), local press reported today.

To update the MiG-21 with a newer engine would only cost the Indian Air Force 50 million rupees (3.4 million U.S. dollars) per aircraft whereas the cost of an LCA at today's prices would come to about 350 million rupees, the report said.

The Soviets have suggested that the Indian Air Force could update some squadrons of MiG-21s while the Hindustan Aeronautics Limited (HAL) could produce an additional number of such aircraft without dislocating the production of the MiG-27 now in full swing.

China Urges UN To Support Self-Determination
OW1410050088 Beijing XINHUA in English
1912 GMT 13 Oct 88

["China Stresses Right to Self-determination for Palestine, Namibia, Afghanistan, Kampuchea"—XINHUA headline]

[Text] United Nations, October 13 (XINHUA)—China today appealed to the international community for supporting the peoples of Palestine, Namibia, Afghanistan and Kampuchea in their struggle for the right to self-determination.

It also called for continued worldwide support for the South African people's fight against racism and apartheid and for fundamental human rights.

Addressing the Third Committee (on social, humanitarian and cultural affairs) of the General Assembly this morning on agenda items relating to racial discrimination and self-determination, Chinese Ambassador Ding Yuanhong called for fresh efforts by the General Assembly towards a settlement of the question of Palestine.

The recent struggle of the people in the occupied territories, which has lasted for more than 10 months, has testified to the urgency and inevitability of an end to the illegal occupation by Israel and the Palestinian people's exercise of the right to self-determination, he said.

On the Namibian question, he expressed welcome to the progress in the negotiations since the beginning of this year on the implementation of Security Council Resolution 435 (1978) granting the Namibian people the right to self-determination and independence. He hoped for new positive results in the talks among the parties in order that the Namibian people may exercise their right to self-determination and independence at an early date.

Regarding the Afghan people's right to self-determination, which has been denied for many years due to foreign aggression, the Chinese ambassador said the international community is looking forward to scheduled Soviet troops withdrawal and the achievement of reconciliation in Afghanistan with its sovereign, independent and non-aligned status restored.

To enable the Kampuchean people to solve their own problems free from outside interference and truly exercise their right to self-determination, Vietnam must withdraw its troops from Kampuchea immediately and completely, which is the key to the solution of the Kampuchean question, he stressed.

Mongolian Leader Seeks East European Cooperation
OW1110094188 Beijing XINHUA in English
0657 GMT 11 Oct 88

[Text] Berlin, October 10 (XINHUA)—Mongolian leader Jambyn Batmonh, on a mission to seek closer economic cooperation with East European countries, arrived in Berlin today for a four-day visit.

At the talks with Democratic German leader Erich Honecker, the two leaders discussed economic and techno-scientific cooperation between the two countries.

They agreed that bilateral cooperation in agriculture, the food industry, light industry and mining should be made more efficient.

Batmonh arrived from Poland, where he and Polish leaders stressed the need to enhance economic and techno-scientific cooperation.

Mongolia has signed with both Democratic Germany and Poland long-term cooperation programs for the period till the year 2000. In recent years, Democratic Germany has provided Mongolia with up-to-date technology in animal husbandry and the food processing industry and about 600 Mongolian students have been trained in the country's schools.

Researcher Wins International Chemistry Award
OW1010043988 Beijing XINHUA in English
0237 GMT 10 Oct 88

[Text] Rome, October 9 (XINHUA)—Chinese scientist Chen Chuangtien has won the 1987 chemistry award of the Third World Academy of Sciences (TWAS), according to news reaching here today from the TWAS headquarters in Trieste, a northeastern city of Italy.

Chen, researcher and deputy director of China's Fujian Institute of Research on the Structure of Matter, has been awarded for his outstanding contributions to the development of new nonlinear optical materials.

The other four winners of the 1987 TWAS prizes are Indian professor Mudumbai Seshachalu Narasimhan, the mathematics award; Brazilian professor Cesar Mansueto Giulio Lattes, the physics award; Mexican scientist Adolfo Martinez-Palomo, the biology award; and Federal German professor David King, the history of science prize.

The Third World Academy of Sciences began in 1985 the practice of awarding scientists who have made great contributions in the research and development of natural sciences.

Tian Jiyun Meets International Cooperative Group
OW0910153288 Beijing XINHUA in English
1519 GMT 9 Oct 88

[Text] Beijing, October 9 (XINHUA)—Chinese Vice-Premier Tian Jiyun met here today with representatives from 13 countries attending the executive committee meeting of the International Cooperative Alliance (ICA).

During the five-day ICA meeting which ended here today, participants had exchanged views on the further economic cooperation among ICA member countries.

Talking to the guests, Tian praised the international cooperative alliance for its remarkable achievements in organizing cooperations between cooperative federations of various countries, especially in training personnel for the developing countries.

As a member of the ICA Executive Committee, Tian said, China is willing to play its active role in the alliance.

ICA President Lars Marcus said China has a great potential in cooperating with cooperative federations in other countries, adding that such cooperation will promote economic development of China's cooperative federation.

Li Peng Writes to Medical Conference
HK1310084688 Beijing RENMIN RIBAO
in Chinese 10 Oct 88 p 3

[Report] "Li Peng Writes a Letter to the Fourth Asian Academic Conference on Rural Medicine and Primary Health Protection, Reiterating That by 2000 Every Person in China Will Be Provided With Health Protection")

[Text] Beijing, 9 Oct—The Fourth Asian Academic Conference on Rural Medicine and Primary Health Protection, which ended here today, received a letter from Prime Minister Li Peng dated 6 October.

In his letter, Li Peng stated: On behalf of the Chinese Government, I convey my warm congratulations to the conference, and wish the conference every success in academic exchanges, in promoting friendship, and in making a contribution to regional cooperation.

Li Peng added in his letter: "That by the year 2000 everyone will be provided with health protection" is a global strategic aim put forward by the World Health Organization (WHO). The Chinese Government has announced that it will support all the efforts made by the WHO, and that it will actively promote the fulfillment of the aim. There is a population of 800 million in China's rural areas. Developing rural medical undertakings has always been the focus of our medical and public health work. It is also a key to the fulfillment of the aim of "providing everyone with medical protection by 2000."

In his letter, Li Peng pointed out: Under the new condition of the profound development of the political and structural reforms in China, the Chinese government will include the deepening of the reform in rural public health, protecting the health of peasants, and increasing the quality of the population, in the general aims of social economic development, so that public health undertakings will grow in step with economic development. We will make efforts to open up and make

use of our hygienic resources, and enhance our scientific management level and our medical technical level to satisfy the increasing hygienic demand of the masses, and to strive to attain the strategic aim of "providing everyone with health protection by 2000."

Truck Machinery Exhibition Opens in Beijing
OW0710122388 Beijing XINHUA in English
1031 GMT 7 Oct 88

[Text] Beijing, October 7 (XINHUA)—An international exhibition of machinery and equipment for truck manufacturing opened in the China International Exhibition Center here this afternoon.

Organized by the China Automotive Industry Association and China North Industries Corporation, the six-day show displays machine tools and technology used in making and repairing trucks, metalworking, foundries, and the manufacture of vehicle parts and accessories.

Twenty-two companies and plants from Austria, France, Italy, the Federal Republic of Germany, Switzerland, Britain, the United States, China and the Hong Kong region are represented at the exhibition.

International Symposium Commences in Shanghai
OW1010155288 Beijing XINHUA in English
1517 GMT 10 Oct 88

[Text] Shanghai, October 10 (XINHUA)—Chinese and foreign educators will share their experience in educating young students with records of minor offences at an international symposium which opened today.

The first of its kind ever held in China, the symposium has received 22 papers from participants from China, Australia, Federal Germany, Japan, Sweden, the United Kingdom and the United States.

It is sponsored by the State Education Commission and the Chinese Educational Association for International Exchanges (CEAIE).

Speaking at today's opening session, CEAIE Chairman Huang Xinbai gave an account of how China's work-study schools—schools special for students with records of minor offences—have developed over the past 33 years. [sentence as received]

Such schools have produced 30,000 graduates between 1980 and 1987, and about 80 percent of them have never committed offences since graduation.

"We are confident that most of our erring youths can mend their ways provided good education is given to them," he said.

Taiwan Participants Welcomed at Conference
OW1110100488 Beijing XINHUA in English
1448 GMT 10 Oct 88

[Text] Beijing, October 10 (XINHUA)—More than 600 scholars from 19 countries and regions gathered here today to explore the key to the ancient riddle of qigong.

The first world conference for academic exchanges in medical qigong opened today with the backing of the World Health Organization (WHO). The participants will also discuss the founding of a world qigong federation at the conference.

The 395 papers handed to the conference cover research into the biological, physical and chemical functions of qigong, its clinical effects and traditional theories.

Addressing the opening ceremony, Cui Yueli, chairman of the conference and president of All-China Traditional Medicine Society, said qigong is becoming known all over the world and it can help achieve the target of medical care for everybody by 2000.

He expressed a special welcome to the participants from Taiwan.

Boasting a history of 2000 years, qigong is very popular in China, and in recent years qigong clinics have appeared in many cities, training classes have been opened everywhere and the number of people who have studied it is over 50 million.

At the four-day conference, the participants will exchange information, and Chinese qigong masters will also give demonstrations.

Meanwhile, 39 Chinese and foreign medical factories are showing their new products at the conference.

Zhuhai Trade Fair Attracts Many Visitors
OW0810184888 Beijing XINHUA in English
1620 GMT 8 Oct 88

[Text] Zhuhai, October 8 (XINHUA)—Over 5,000 Chinese and foreign business executives are attending an economic cooperation and trade fair which opened in Zhuhai Special Economic Zone today.

Some 350 enterprises and companies in China's 27 provinces and municipalities have their best products displayed at the Zhuhai 88 fair, and these will be viewed by guests from Hong Kong, Macao, the United States, Canada, Japan, Singapore, Thailand and Australia.

The Chinese participants plan to propose 500 projects of economic and technological cooperation for negotiation during the fair, according to an organizing official.

Plant Protection Meeting Held in Kunming
OW0710185588 Beijing XINHUA in English
0813 GMT 7 Oct 88

[Text] Kunming, October 7 (XINHUA)—Participants attending an international symposium on plant resources, which was held in Kunming, capital of Southwest China's Yunnan Province, called for effective and quick steps to be taken to protect plants and rare specimens from disappearing.

Attended by over 180 Chinese and foreign experts, the conference, which was held from October 4 to 7, was hosted by the Kunming Institute of Botany under the Chinese Academy of Sciences.

Among the participants were over 50 foreign specialists from Australia, Federal Germany, France, India, Italy, Japan, the United States and Britain, a conference spokesman said.

Many of the participants agreed that the rapid growth of the world population and the deterioration of the environment should make every country in the world fully realize the importance of protecting plant resources.

Some Chinese graduate students working for academic degrees were invited to the conference to read papers, he said.

Experts dwelled on the classification, utilization, and protection of plant resources while sharing their experiences in the establishment of plant reserves in their particular countries.

The conference attendees visited the Kunming Institute of Botany and joined the researchers there in celebrating the 50th anniversary of the founding of the institute.

They are also to visit the botanical garden in tropical Xishuangbanna and other areas inhabited by minority ethnic groups.

Seminar on National Health Policy Begins
OW1110160488 Beijing XINHUA in English
1448 GMT 11 Oct 88

[Text] Changsha, October 11 (XINHUA)—A seminar on China's health policy and development opened today in Changsha, capital of Hunan Province.

Attending are 130 Chinese and foreign experts. The seminar is jointly sponsored by the Ministry of Public Health, Hunan provincial government and the World Health Organization.

Topics of discussion include the World Health Organization's projected target of offering health care to everyone by 2000 and international health policy and development.

The seminar will also discuss ways to improve health care in rural areas of China including the provision of more training.

Shanghai To Host International Aeronautics Show
HK1310122788 Beijing CEI Database in English
13 Oct 88

[Text] Shanghai (CEI)—The 1988 Shanghai International Aeronautics Exhibition will be held here from December 5 to 10.

Jointly sponsored by the Shanghai Branch of the China National Aero-technology Import and Export Corporation, the Shanghai International Trade Information and Exhibition Company and Hong Kong China Promotion LTD., the exhibition will show airport equipment, airplanes, aero-electronics equipment, missiles, air-traffic control and satellite communication equipment.

Some major airplanes manufacturers including McDonnell-Douglas Corporation, European Airbus Consortium, Japan's Toshiba Co., Lufthansa of West Germany, and Thomson-C.S.F. of France will participate in the exhibition.

UN Official Presents Credentials to Li Daoyu
OW1210153588 Beijing XINHUA in English
0800 GMT 12 Oct 88

[Text] Beijing, October 12 (XINHUA)—Resident coordinator of the United Nations system operational activities for development Roy D. Morey presented credentials to Assistant Foreign Minister Li Daoyu here today.

Shanghai Mayor at UN Human Resources Seminar
OW1210115988 Shanghai City Service in Mandarin
1000 GMT 8 Oct 88

[Text] The first international academic seminar on human resources, sponsored by the United Nations Development Program and other organizations, opened today in Shanghai.

Shanghai Mayor Zhu Rongji attended and extended greetings. He pointed out: Of all the resources in the world, the most valuable are human resources. It is essential to bring up a contingent of pioneering entrepreneurs who understand the commodity economy and build up the ranks of public functionaries who are highly efficient and honest to bring about all-round development of Shanghai's human resources.

Zhao Dongwan, minister of labor and personnel, sent a congratulatory cable to the seminar.

More than 300 experts, scholars, and noted entrepreneurs from China, the United States, Canada, the FRG, Australia, Singapore, Japan, Britain, and France gathered in Shanghai to compare notes on the development

of human resources in developing and economically advanced nations, the introduction of advanced management know-how, channels linking up governments and enterprises, job training and job evaluation, and problems China may face in the development of its human resources in the course of reform and opening up.

In addition to academic exchanges, the foreign experts will also look for cooperation partners.

Shanghai District Attracts Foreign Investment
HK1910143488 Beijing CEI Database in English
10 Oct 88

[Text] Shanghai (CEI)—Three large foreign corporations have invested to set up enterprises in Caohejing New Technological Development District of Shanghai.

The district approved by the State Council in June this year has been set up exclusively for the development of high technology and microelectronic industries with investment from overseas firms. It covers a total area of 5 square kilometers, of which 57 hectares have been developed.

N.V. Philips' Gloeilampenfabrieken of Holland rented 3.83 hectares of land to set up a joint-venture to manufacture semiconductor components. The project, involving a total investment of 44.47 million U.S. dollars, is expected to be completed by 1990.

The Bell Telephone Equipment Manufacturing Co. of Belgium, which had set up a joint venture to produce digital telephone equipment in Shanghai earlier, has again decided to join hands with a radio factory in Shanghai to make integrated circuits in the Caohejing District, with a total investment of 30 million U.S. dollars.

The Minnesota Mining and Manufacturing Company of the United States, which had opened a sub-branch in Shanghai earlier dealing with automatically melted sticky tapes, rented 3 hectares of land to start a factory for the production of reflecting material and electric and medical adhesive tapes.

Meanwhile, five of the 11 joint ventures in the Caohejing District have set up plants there, involving a total investment of 120 million U.S. dollars.

World Bank Delegation Inspects Hebei
SK0810030288 Shijiazhuang HEBEI RIBAO
in Chinese 18 Sep 88 p 1

[Text] An observation delegation of World Bank experts, headed by (Victor Cook), arrived in the city of Shijiazhuang on the afternoon of 16 September. Vice Governor Zhang Runshen met with the delegation at the Hotel. Zhang Yulin and Tian Yicheng, deputy chiefs of the

provincial leading group in charge of using World Bank loans for agricultural development, and other experts concerned were also present at the meeting.

The main purpose of the visit to our province by the World Bank experts observation delegation is to investigate and appraise the province's situation in using foreign capital in agriculture, to inspect and study the provincial projects using World Bank loans, and to offer suggestions.

The major items which the province has prepared to carry out by using World Bank loans include building a 10 million-mu good-quality cotton base in Hielonggang district and conducting comprehensive agricultural development projects along the coastal areas of Qinhuangdao and Tangshan, as well as some major items, including water conservancy, animal husbandry, forestry, popularization of agricultural technology, breeding of fine strains, intensive processing of agricultural products, and other supporting projects.

The observation delegation began to inspect some counties and cities in our province's eight prefectures and large cities beginning 17 September.

International Bids Opened for Priority Projects
OW0810123788 Beijing XINHUA in English
0648 GMT 8 Oct 88

[Text] Beijing, October 8 (XINHUA)—Bids were opened here Monday [10 October] for supplying key equipment and materials needed for seven priority projects under China's Seventh Five-Year Plan (1986-90), "CHINA DAILY" reported today.

About 60 companies from seven countries and a region took part in the bid opening ceremony sponsored by the China National Technical Import and Export Corporation under the Ministry of Foreign Economic Relations and Trade (CNTIEC).

In addition to investment from the Chinese Government, Japan's overseas economic cooperation funds will provide 470 billion yen (about 3.6 billion U.S. dollars) for the projects, a CNTIEC official said.

Since 1979, the ministry and the Japanese Government have concluded loan agreements totalling 5 billion U.S. dollars (including the loans of 3.6 billion U.S. dollars).

An evaluation committee will be set up to assess the bids over the next three months and there is still a number of projects in the current five-year plan which will have to invite international bids for their construction, he said.

The seven projects include the Hengyang-Guangzhou Railway, electrification of Zhengzhou-Baoji Railway, the eastern section of Datong-Qinhuangdao Railway, Beijing Subway, Tianshenqiao (Basuo) Hydro-Electric

Power Station in Guizhou Province, Guanying Multi-purpose Dam in Liaoning Province and Wuqiangxi Hydro-Electric Power Station in Hunan Province.

Syndicated Bank Loan Aids Shaanxi Hotel
OW1010192288 Beijing XINHUA in English
1608 GMT 10 Oct 88

[Text] Beijing, October 10 (XINHUA)—A syndication of banks led by the CITIC [China International Trust and Investment Corporation] Industrial Bank has decided to loan the Guoan Hotel in Xian 32 million U.S. dollars in a bid to boost tourism in the ancient Chinese city.

Addressing the signing ceremony of the loan here today, Dou Jianzhong, vice-president of the CITIC Industrial Bank, said that this is the first international syndication with this bank as the lead manager since its establishment in February last year.

CITIC Industrial Bank is a subsidiary wholly-owned by CITIC (the China International Trust and Investment Corporation), the largest conglomerate in China.

Apart from the CITIC Industrial Bank, the syndication also includes the Bank of Tokyo, Banque Nationale de Paris, the Bank of East Asia, the [passage indistinct], the Mitsui Bank and the Mitsubishi Trust and Banking Corp.

A Sino-Hong Kong venture jointly invested in by the Northwest Fei Peng Industrial Corp, CITIC and Shortridge Ltd of Hong Kong, the hotel is now under construction by CITIC International Contracting Inc and will become one of the five domestic hotels under the management of the Sheraton Asia-Pacific Corporation.

Xian, situated in northwestern China's Shaanxi Province, is an ancient capital known worldwide for its tourist attractions such as the Qin tombs and terracotta warriors, which date back more than 2,000 years.

When it is finished at the end of next year, the four-star hotel with nearly 500 rooms is expected to greatly improve the facilities and services in Xian.

World Bank Loans Help Heilongjiang
OW1210030188 Beijing XINHUA in English
1237 GMT 11 Oct 88

[Text] Beijing, October 11 (XINHUA)—More than 200,000 hectares of uncultivated land have been reclaimed in northeast China's Heilongjiang Province with the help of the World Bank in the past five years.

The cultivated land has produced 600,000 tons of grain during the period, according to an official of the Ministry of Agriculture.

As the second agricultural development project of China in cooperation with the World Bank, the Heilongjiang project totally used 70 million U.S. dollars provided by the bank and 260 million yuan raised at home.

Except the land reclaimed, over 2,000 sets of machines for irrigation have been imported from abroad, 850 kilometers of irrigation canals have been dug, 19 pump-stations and 257 bridges have been built.

Hangzhou Expedites Foreign Funded Projects
HK1310122988 Beijing CEI Database in English
13 Oct 88

[Text] Hangzhou (CEI)—Six foreign-funded projects have been approved at a joint working meeting held recently in Hangzhou, Zhejiang Province and 14 specific problems concerning these projects have been settled at the same time.

The municipal government has been empowered to independently approve any foreign-funded projects with investment below 30 million U.S. dollars since Hangzhou was designated as an open city early this year.

The projects approved at the first joint meeting include a penicillin production project, the formation of Teliya Leather Shoe Company Ltd. and Qingchunbao Cosmetics Company LTD., funded by Chinese, Italian and Hong Kong companies.

The investment of the six projects totals 120 million U.S. dollars, four times that of the total foreign investment in 1987.

The joint working meeting will be held once every month.

United States & Canada

State Council's Zou Jiahua Meets Chrysler's Iacocca

Zou Hosts Dinner
OW1210004888 Beijing XINHUA in English
1127 GMT 11 Oct 88

[Text] Beijing, October 11 (XINHUA)—Chinese State Councillor Zou Jiahua met a delegation of the Chrysler Corporation from the United States led by its Chairman Lee A. Iacocca and gave a dinner in its honor here tonight.

The U.S. automobile corporation has established relations of cooperation with China's Changchun No. 1 Motor Vehicle Plant and Beijing Jeep Corporation.

Iacocca Presents Vehicles

OW1310130688 Beijing XINHUA in English
1148 GMT 12 Oct 88

[Text] Beijing, October 12 (XINHUA)—The American Chrysler Company presented five vehicles to China today for use during the 11th Asian Games, which will take place next autumn in Beijing.

Lee Iacocca, president of the company, handed over keys to four "Dodge" cars and a truck to Zhang Baifa, vice mayor of Beijing and vice director of the 11th Asian Games' organizing committee.

As board chairman and president of the company, Iacocca enjoys a high reputation in China. To date, more than 200,000 Chinese copies of his autobiography have been published in the country.

Li Peng Briefs Iacocca

OW1410043788 Beijing XINHUA in English
1527 GMT 13 Oct 88

[Text] Beijing, October 13 (XINHUA)—Chinese Premier Li Peng met with a delegation of the U.S. Chrysler Corporation led by its chairman Lee A. Iacocca here today.

Briefing the American businessmen on China's automobile industry, Li said cars cannot be put into extensive use in China today. However, he added, China started to attach importance to building its car industry a few years ago.

In this regard, he said, China will import foreign technology and managerial experience, and design and manufacture its own cars and accelerate batch production.

Chrysler has formed ties with China's Changchun No. 1 Motor Vehicle Plant and Beijing Jeep Corporation.

Jet Airliner Parts Shipped by McDonnell Douglas

OW1310101588 Beijing XINHUA in English
0145 GMT 13 Oct 88

[Text] New York, October 12 (XINHUA)—The parts equivalent of a complete MD-82 twin-jet airliner left Long Beach, California, today aboard a K-line container ship, the largest shipment in the history of McDonnell Douglas' cooperation with China.

The China program provides for final assembly of 25 MD-82s at Shanghai in a joint effort between McDonnell Douglas, Shanghai Aircraft Industrial Corporation, and the General Administration of Civil Aviation of China (CAAC). Four of the aircraft have been completed and others are in various stages of assembly.

Today's shipment of parts includes 20 sea containers and various bulky components which cannot be containerized.

Components being sent are produced by the Douglas Aircraft Co., a division of McDonnell Douglas, and its suppliers.

Since the beginning of the program in April 1985, parts delivered to Shanghai have been broken down into segments and sent in order of assembly sequence in Shanghai.

The October delivery represents a scheduled overlap in parts shipments, and therefore the components equivalent to one complete airplane are shipped together.

The parts being shipped will complete the ninth plane built in China.

Cooperation Increases With U.S. Chemical Company

OW1010231688 Beijing XINHUA in English
1848 GMT 10 Oct 88

[Text] Beijing, October 10 (XINHUA)—The U.S. Du Pont Company has great interest in cooperation with China. Besides the projects being carried out, it is also looking for possibilities of further investment, including establishing sole-funded enterprises and joint ventures, a Du Pont official said here today.

Dr. Nicholas Pappas said this at a reception celebrating the successful completion of the transfer of Du Pont's neoprene synthetic rubber-finishing technology and equipment to three Chinese chemical factories.

Under a contract signed in May, 1986, three neoprene finishing lines, each with an annual capacity of 10,000 tons of neoprene rubber, have been put into operation respectively at the Qingdao Chemical Works in Shandong Province, the Shanxi Chemical Factory in Datong, and the Changshou Chemical Factory in Sichuan Province.

According to Pappas, the equipment and its related technology, which have been used for several years in the company, "are the most advanced in the world."

Since it started its cooperation with China in 1980, the Du Pont Company, a major world supplier of automotive finishes, has carried out eight successful cooperative projects with China. The one celebrated tonight was the fifth one completed.

"We are very pleased with the results of this project," Pappas said, adding "it is another example of how we are participating in the development and modernization of industry in China."

He said that he had been very impressed by the results of China's open-door policy and had no doubts about its rapid development in the future. "That's why we are so interested in cooperation with China," he explained.

He revealed that Du Pont is now discussing cooperation to process polyester with the China National Chemical Construction Corporation (CNCCC), its Chinese partner in the just-completed project.

Jiang Yingbin, CNCCC's vice-president, said that the country's existing equipment and technology for finishing neoprene were imported from the Soviet Union in the 1950s. Therefore, he said, "the newly imported technology and existing equipment will greatly promote the country's production of synthetic rubber and its quality.

Jiang told XINHUA that CNCCC, an industrial and trading company with the position of a legal entity under the Ministry of the Chemical Industry, will not only expand cooperation with Du Pont, but also be ready to cooperate with any country in the world through various forms of trading.

He also stressed that there are broad prospects for cooperation with a country with such a large market as China has. He noted that CNCCC has established trade relations and signed contracts with more than 500 companies in dozens of countries around the world.

Shanghai Learns Much From Foreign Experts
OW0910123888 Beijing XINHUA in English
1146 GMT 9 Oct 88

[Text] Shanghai, October 9 (XINHUA)—Shanghai has learned much from foreign experts it hires, a city official said today.

For the past few years, it has hired 3,000 experts and teachers, the official said, adding that this might be the most direct and economical way to acquire up-to-date expertise.

After importing an integrated circuit production line, the Shanghai 19 radio factory invited five American experts to help in installing the equipment and teach its workers how to operate it.

In just two months, the line began turning out quality products, the official said.

Gu Mu Meets With U.S. Corporate Executive
OW1010212588 Beijing XINHUA in English
1258 GMT 10 Oct 88

[Text] Beijing, October 10 (XINHUA)—Gu Mu, vice-chairman of the Chinese People's Political Consultative Conference (CPPCC) National Committee, met with president of U.S. Meditronic Inc. Dr. Earl E. Bakken and his party here today.

Bakken, invited by the Chinese Everbright Industrial Corporation, is here to conduct academic and technical exchanges with relevant Chinese institutions and explore possibilities of cooperation with and investment in China.

He expressed the willingness of his corporation to cooperate with China in education and do researches on combining Chinese and Western medicine, as well as in technological fields.

Many Chinese, ranging from infants to old people, use pacemakers produced by the Meditronic Inc., the inventor of the device.

Wang Guangying, Everbright Industrial Corporation's chairman of the board of directors, gave a dinner in honor of the American visitors after the meeting.

Liang Buting Honors Son of Feng Yuxiang
SK1110123888 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 10 Oct 88

[Text] Liang Buting, secretary of the provincial party committee, and Li Zichao, chairman of the provincial CPPCC Committee, cordially met with Mr (Feng Hongzhi), president of the U.S. (Taishan) Industrial Corporation, a patriotic Overseas Chinese and second son of General Feng Yuxiang, at Jinan's Nanjiao Guesthouse on the afternoon of 10 October. Mr (Feng Hongzhi), was recently appointed as a member of the council of the Shandong International Cultural Exchange Center of China.

During the meeting, Mr (Feng Hongzhi) presented valuable books on (historical data), which Gen Feng Yuxiang had used and meticulously collected, to Liang Buting, honorary chairman, and Li Zichao, chairman of the council of the Shandong International Cultural Exchange Center of China. Comrade Liang Buting expressed sincere respect for Mr (Feng Hongzhi)'s patriotic deeds and presented a certificate of honor to him.

During his visit, Mr (Feng Hongzhi) also introduced two U.S. computer experts to Shandong, who will help in investigating China's information market and in strengthening the exchanges and cooperation in international economic information on both sides. Responsible comrades of the provincial foreign economic relations and trade commission, the Overseas Chinese affairs office, the finance department, and other relevant departments were present at the meeting.

Zheng Tuobin Meets With U.S. Commerce Official
OW1010114488 Beijing XINHUA in English
0812 GMT 10 Oct 88

[Text] Beijing, October 10 (XINHUA)—Zheng Tuobin, Chinese minister of foreign economic relations and trade, met here today Paul Freedenberg, undersecretary for export administration of the Department of Commerce of the United States, and his party.

Freedenberg and his party arrived October 8 to discuss U.S. technological transfer to China with the Chinese side at the invitation of Shen Jueren, vice minister of foreign economic relations and trade.

U.S. Commerce Official Cited on PRC Trade
OW1310130788 Beijing XINHUA in English
1103 GMT 12 Oct 88

[Text] Beijing, October 12 (XINHUA)—U.S. Assistant Secretary of Commerce James Moore today described China's credit and foreign debt management as "first class".

Moore made this remark in Washington D.C. during a satellite television press conference on U.S.-China trade, which was beamed to a group of Chinese journalists here.

Moore said the use of foreign exchanges in China had been sensible and productively employed, adding "if there is one country in Asia that has in fact managed its debt well and maintains a first-class credit worthiness in the international financial community, it is China."

He said that the 20-percent-plus annual increase of bilateral trade in the past few years was remarkable and that he expected trade to reach 12 billion U.S. dollars by the end of this year.

Moore said that the United States became the largest foreign investor in China last year, but admitted that the three billion U.S. dollars represented only a small drop-in-the-bucket as it was less than one percent of total U.S. investment overseas.

Despite various concerns expressed by American businesses, Moore said he felt encouraged by the prospects of U.S.-China business relations and said that the market in China is barely tapped.

Moore also pledged U.S. Government commitment to agreements with China that would allow textile exports to the United States from China to grow by three percent annually for the next four years.

Also taking part in the televised press conference was John Bohn, president of the U.S. Export-Import Bank, which, he said, had provided half of its direct loans made this year to China for projects dealing with coal, transportation, telecommunications and other areas of the economy.

Canadian Experts Aid Fertilizer Research
OW1310151888 Beijing XINHUA in English
1313 GMT 12 Oct 88

[Text] Changsha, October 12 (XINHUA)—Experiments with an improved potash fertilizer in Hunan have significantly raised yields, following joint research between the province and Canadian experts.

The research was carried out by the Canadian Potash and Phosphate Fertilizer Research Institute and the Soil-Fertilizer Research Institute of the Hunan Academy of Agro-sciences. They found that the fertilizer could boost yields by between 10 and 30 per cent.

Last Sunday [9 October], a team of Canadians headed by Mrs. Pat Smith, minister of energy and mining industry of Saskatchewan, Canada, made a field inspection trip of central Hunan.

Altogether, about 40,000 ha of farmland in the province are using the fertilizer. The fertilizer boosts yields and makes the crops more resistant to disease, according to experts of the Hunan Academy of Agro-sciences.

Potash fertilizer has been used in fields of rice, cotton, rape, corn, peanuts, soybeans, oranges and tangerines, water melons, sugar cane and Chinese medical herbs.

The Canadians held a competition to promote awareness of the fertilizer among farmers.

Soviet Union

Wang Zhen Meets Soviet Friendship Delegation
OW1310174188 Beijing XINHUA in English
1542 GMT 13 Oct 88

[Text] Beijing, October 13 (XINHUA)—Chinese Vice-President Wang Zhen met here today with a delegation from the Societies of the Soviet Union for Friendship and Cultural Relations with Foreign Countries and the Soviet-Sino Friendship Society.

The delegation is headed by V.V. Tereshkova, chairman of the Societies of the Soviet Union for Friendship and Cultural Relations with Foreign Countries. She is the first woman astronaut in the world who had stayed in the space for 70 hours and 50 minutes.

During the meeting, Wang Zhen said that Tereshkova is a heroic woman astronaut and expressed welcome to her China visit.

Wang said that there exists a traditional friendship between the Chinese and Soviet peoples, adding that it is to the willingness of the two peoples and conducive to the maintenance of world peace to develop such friendship and normalize the Sino-Soviet relations.

Wang spoke highly of the contributions made by the friendship associations of the two countries in promoting the development of the Sino-Soviet relations.

Tereshkova said that she was deeply impressed by her visit to Beijing, Xian and Shanghai. She wished the Chinese people make more achievements.

She said that both the Soviet Union and China are engaging in reforms and the can share each other's experiences.

As an astronaut, she suggested that the Soviet Union and China cooperate in the field of astronautic research.

Heihe City Receives Soviet Tourists
SK0910093588 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 8 Oct 88

[Text] One-day tours of Heihe City and Blagoveshchensk have been carried out by China and the Soviet Union. As of 8 October, each side had received four tourist groups, totaling 320 persons. Members of each side's tourist groups felt quite satisfied after touring the city of each other's country. Tourists from the Soviet Union showed great interest in Heihe City, which is being built up. Chinese tourists also highly praised the characteristic style of the architecture and the neat, tree-lined streets of Blagoveshchensk City. The sightseeing has enhanced the tourists' understanding of the cities and peoples of both sides. The 1-day tour also included shopping trips. Although the tourists were allowed to exchange a very small amount of renminbi and rubles, they showed interest in every commodity. At the Heihe City number one department store, the Heihe market, and other shops, the reporter saw that the Soviet tourists bought textiles and handicraft goods, cigarettes and wines. Most impressive to the tourists of both sides were the typical lunches and dinners arranged by the tourist departments of both sides. A Soviet tourist said that the meal was the best he had ever had. Heluchen Nikolayevich, leader of the Soviet delegation which arrived in Heihe City on 7 October for the 1-day tour, said that he hoped both sides would continue the 1-day tours and add several day tours as well. According to a responsible person of the Heihe City Tourist Bureau, our country will soon prepare to offer 3-day tours in Wudalianchi City and 5-day tours of Heihe City.

Soviet Businessmen Visit Border Trade Fair
SK1110113188 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 10 Oct 88

[Text] A trade fair sponsored by the Heilongjiang Provincial International Science-Technology and Trade General Corporation opened in the border city of Heihe on 10 September. This is the first event sponsored by the provincial-level enterprise. Thirteen traveling traders from the consumers' cooperatives of Amur Oblast of the Soviet Union and from the Soviet border areas visited the trade fair and attentively viewed the displayed commodities.

PRC, USSR Cities Develop Border Trade
OW1210090488 Beijing in Russian to the USSR
1900 GMT 8 Oct 88

[From the "Pages of Friendship" program; correspondent's report: "Border Trade Between Manzhouli and Zabaykalsk"]

[Text] Manzhouli, a northern Chinese city, has long been an important transshipment center for PRC import and

export trade with the USSR and East European countries. With the deepening of reform and broadening of the external economic relations with foreign countries, Manzhouli, while implementing state tasks of transporting import and export goods, has intensified border trade with the USSR. This has promoted our country's economic development. Following is our correspondent's reportage: "Border Trade Between Manzhouli and Zabaykalsk".

Manzhouli maintains border relations with the Soviet city of Zabaykalsk by doing barter trade, bypassing the state foreign trade organizations of both countries. This is helped by the short 1 km distance between the two cities.

From 11 to 15 April this year, trade talks between delegations of the Manzhouli City Government and Zabaykalsk Gorispolkom were held in Manzhouli City for the first time. As a result of the talks, a protocol on border trade and a contract for the delivery of 42 kinds of goods, in exchange for 62 kinds, for a total amount of about 72,000 Swiss francs, were signed. The exchange of goods covered by this contract took place last May at a highway border point. Mutually beneficial trade between both sides began from that moment.

A Chinese trade delegation headed by the Manzhouli mayor visited Zabaykalsk from 11 to 16 July. It signed a trade contract for a total sum of 4,200,000 Swiss francs. According to this contract, Zabaykalsk will supply timber, chemical fertilizer, rolled steel, furs, motor cycles, and industrial goods in exchange for light industry goods, electronic appliances, building materials, and foodstuffs. Among the goods offered by Manzhouli are record players, tape recorders, hot water flasks, electric torches, children's clothing, fabrics, food preserves, tea, fruit, beverages, bricks, and so forth.

Chinese industrial goods and electronic appliances are in great demand in the Soviet Union. A small shipment of goods delivered by the Chinese delegation was sold in half a day.

Gratifying is the fact that it is not only barter trade that is going on between the two cities, but economic cooperation as well. Both sides agreed on cooperation in providing services in the sphere of production. In accordance with the agreement, Manzhouli will supply building materials and labor services for the construction in Zabaykalsk of a dairy plant with a capacity of 100 tons a day; the plant is designed to produce nine dairy products. The Chinese side will be responsible for the design and construction of the enterprise, installation of the equipment, adjustment and alignment work, putting the plant into operation, and personnel training. In exchange, it will receive timber, rolled steel, chemical fertilizer, and motor cars.

Manzhouli will also send to Zabaykalsk agricultural technicians for the construction of hothouses covered with polyethylene film, and vegetable farmers. Half of the cost for this service will be repaid by the Soviet side, one half by supplying chemical fertilizer, and the other half by supplying fodder.

Manzhouli City workers will build residential houses, schools, and a Palace of Culture in Zabaykalsk. For this, Manzhouli City will receive pedigree sheep from the Soviet Union. This will promote the development of animal breeding not only in Manzhouli, but in all Hulun-Buir Aymag.

The divergence of the methods and content of trade is a direct result of both countries' reform in the sphere of foreign trade, in the course of which the state has given lower-level organizations the right to carry on foreign trade. To coordinate border trade and economic cooperation, a joint economic commission was formed. The Manzhouli and Zabaykalsk mayors are its cochairmen. It is planned to hold sessions twice a year, alternately in Manzhouli and Zabaykalsk. In addition, if necessary, further talks can be held at any time.

Border trade and economic cooperation not only favor mutual assistance and promotes economic development of both sides, but also strengthen mutual relations and improve mutual understanding as well, thus promoting the reestablishment and development of the traditional friendship between our peoples.

Exchanges of visits between delegations of the two cities also attest to the further deepening of trade relations. Last April, an eight-man Zabaykalsk delegation visited Manzhouli for border trade talks and inspected the city as well. It visited shops, carpet and knitting factories, building materials and chemical industry plants, brick-works, and hothouses. Our country's delegation last July returned a visit to Zabaykalsk, and besides getting acquainted with the local industry, watched a wonderful performance of Soviet artists. It was warmly welcomed. Zabaykalsk Ispolkom Chairman expressed wishes for broadening cultural exchange. A Manzhouli City responsible comrade told this correspondent that the border trade and economic cooperation will continue to develop if both sides in future will give further foreign trade rights to local organizations, simplify procedures, solve some questions related to goods exchange at the highway border point, provide favorable customs duties, and so forth. We are optimistic about the prospects of further development of the border trade and economic cooperation between the PRC and the USSR.

Heilongjiang Conducts Border Trade With USSR
SK1210132188 Shenyang DONGBEI JINGJI BAO
in Chinese No 291, 24 Sep 88 p 2

[Summary] Heilongjiang Province has made marked progress in developing border trade with the Soviet Union thanks to the overall implementation of the

strategic "guideline" of establishing associations with cities in the south, setting up more trade ports in the north, and opening the province in all directions. In view of the trade scale by the end of this July, the province had signed export contracts with the Soviet Union worth 250 million Swiss francs. This surpasses the total volume registered by the province in trade with the Soviet Union in the past 15 years. To date, the province has honored export contracts of 56.3 million Swiss francs, a 61.9 percent increase over the highest figure in 1987. Only several score variety of export and import commodities were available in 1983, but now there are 300. With regard to the level and channel of trade, in 1983 the province had only one company, the Heilongjiang Provincial Foreign Trade Corporation, which conducted trade with the Soviet Far-East Foreign Trade Corporation. Now, the province has 137 corporations at the province, prefecture, and city (border town) level that are trading with the Soviet Union. The number of trade ports has increased from three to nine, and the number of trade partners has also increased.

In addition to the Soviet Far-East Foreign Trade Corporation, the province has established trade relationships with more than 50 units, including the Soviet state departments, general companies, and enterprises; Chita, Irkutsk, and Amur Oblasts; the Soviet coastal and border areas; and Khabarovsk Border Kray. The past single-export trade has been expanded to barter trade and even to economic and technical cooperation.

By the end of July of this year, the province had signed contracts with the Soviet Union that dealt with more than 80 items of economic and technical cooperation. Suifenhe City has had very good results in joining cooperation projects in growing vegetables and watermelons on 80 hectares of land of the Soviet Union. The Soviet Union has supplied fertilizer and farm machines, while the province has provided the labor force, technology, and seeds for this project. Since then, the Soviet Union has been highly enthusiastic about such cooperation and has asked our province to sign long-term cooperation agreements. The Amur Oblast economic and trade delegation of the Soviet Union has also asked Heihe City to dispatch 200 laborers to carry out the internal repair of the Amur Oblast Hospital. It has also signed an agreement with the province on five items, including the manufacture of leather commodities, wood floor tiles, sanitary chopsticks, and furniture by processing materials provided by the Soviet side. The provincial machinery import and export company has also signed a contract of 6.15 million Swiss francs with the Soviet Union on carrying out the overhaul of Soviet passenger ships.

The province has broad prospects of trade with the Soviet Union. The nine key export and import companies across the province have put forward the plan of holding trade fairs in the Soviet Union and East European countries and of seeking higher level partners in economic, technical, and trade cooperation. They also

plan to integrate trade with the economy and technology while taking trade as a central task. They plan to do this by continuously expanding barter trade; promoting economic and technical cooperation, technical renovations, scientific and technological exchanges of enterprises, and the "activities" of introducing outside materials for processing; conducting compensatory trade; signing contracts on construction projects and the tourist business; and carrying out the larger scale export of laborers to the Soviet Union, so as to gradually open a trade corridor to Europe.

Heilongjiang Construction Workers Enter USSR
SK1310035688 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 12 Oct 88

[Text] On 10 October, the first group of our province's 55 engineers, technicians, and workers contracted to undertake construction projects in the Soviet Union's Amur Oblast, left Heihe for Blagoveshchensk City. Another 353 laborers will arrive in the Soviet Union at the end of this month.

This group of construction workers went to the Soviet Union according to a contract to undertake the construction of the Amur Oblast-run hospital in Blagoveshchensk City, a guesthouse for tourists, and a modern drama theater, signed between the Heihe branch of the Heilongjiang Provincial Construction and Development Group Company and the Soviet Union's Amur Oblast (?Power) Industrial Bureau.

Northeast Asia

Japanese Goodwill Delegation Visits Shandong
SK1110090188 Jinan Shandong Provincial Service in Mandarin 2300 GMT 10 Oct 88

[Text] Xu Sen, vice chairman of the provincial People's Congress Standing Committee, met with and feted the Ashikaga City goodwill delegation led by Kenichi Yoshihara, president of the representative assembly of the Ashikaga City of the Tochigi Prefecture of Japan.

Since September 1984 when the Ashikaga City of Tochigi Prefecture of Japan established friendly ties with Jining City in our province, both sides have frequently sent people to visit each other and conduct economic, technological, and cultural exchanges. This delegation has come at the invitation of Jining City to discuss matters concerning the celebration of the fifth anniversary of the establishment of the friendly ties next year and some projects concerning the exchanges.

Silk Export Quota Accord Reached With Japan
OW1210093488 Beijing XINHUA in English 1509 GMT 11 Oct 88

[Text] Tokyo, October 11 (XINHUA)—China and Japan have reached an agreement on China's export quotas for silk products in fiscal 1988 ending next March, an official of the Chinese Embassy here told XINHUA today.

The agreement stipulates that during the year China will maintain its previous fiscal year export of 9.50 million square meters of silk fabrics to Japan, but will increase silk yarn exports to 4,500 bales (60 kilograms to a bale) from 3,985 bales in fiscal 1987, and increase raw silk exports to 20,000 bales, up from 8,685 bales last year, the official said.

The three-day talks between China and Japan on silk trade ended here October 8.

From places other than China, Japan imported 20 million square meters of silk fabrics worth 230 million dollars in fiscal 1987. Japan's overall imports of silk yarn totalled some 50 million dollars.

Japanese Municipal Delegation Donates Funds
OW1210120088 Beijing in Japanese to Japan 0930 GMT 8 Oct 88

[Text] A Japanese delegation from Karatsu City, Saga Prefecture, is visiting Yangzhou City in Jiangsu Province to participate in an art meeting on silicides and the Japanese snowball flower which are known to have been used for decorating imperial thrones. On 6 October, the delegation donated ¥50 million to the Yangzhou Science and Technology Development Fund.

Yangzhou City, which is known as the native place of the priest Ganjin, concluded a sisterhood relationship with Karatsu City in 1982, or 6 years ago. Since then, the city has promoted broad exchanges with Karatsu City in the fields of culture, science, technology, and economy.

Last year, both cities agreed to set up a fund for the development of science and technology in Yangzhou City, the native place of the priest Ganjin. Under the agreement, Karatsu City will donate a certain amount of money to Yangzhou City every year for use by the Chinese city in carrying out its scientific, technological, educational, and medical programs.

Shanghai Ocean-Liner To Call at Yokohama
HK1310121188 Beijing CEI Database in English 13 Oct 88

[Text] Shanghai (CEI)—An ocean-liner from Shanghai to Yokohama will begin its maiden voyage on Friday, Oct. 14.

The liner named Jianzhen which used to sail to Kobe and Osaka will call at Yokohama once a month from Oct. 14, once every three weeks, the liner will set sail at five p.m. on Friday from Shanghai and arrive in Yokohama at about eight on Monday morning, and then return to Shanghai in the afternoon.

The Jianzhen liner run by China-Japan International Ferry Co., Ltd. has been sailing between Shanghai and Kobe and Osaka for three years.

Jilin School Delegation Welcomed in DPRK
*SK1210042088 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 11 Oct 88*

[Text] On the afternoon of 11 October at Pyongyang [name indistinct] cultural center, all teachers and students of the DPRK's Mangyongdae (Hyangdok) middle school held a rally to welcome the delegation of Jilin Province's (Yuwen) middle school.

(Yuwen) middle school is a place where President Kim Il-song studied and was engaged in revolutionary activities when he was a youngster. President Kim Il-song sent gifts to the middle school on four occasions.

At the invitation of the Korean Committee for Cultural Relations with Foreign Countries, the delegation visited the DPRK on 4 October.

Space Exhibit Stated for Hong Kong Trade Fair
*OW1110130088 Beijing XINHUA in English
0859 GMT 11 Oct 88*

[Text] Hong Kong, October 11 (XINHUA)—Hong Kong industrialists will soon have an opportunity to take a look at the advanced technology behind China's space exploration achievements.

A subsidiary of China's Ministry of Aviation and Aeronautical Industry, will, for the first time, take space in an exhibition at the Hong Kong Industrial Trade Fair to be held from October 19 to 22.

Products offered by the company, the Xinfeng Instrument Plant, include battery rechargers, medical equipment and satellite television receivers.

The Xinfeng Instrument Plant was originally a military factory specializing in the manufacture of aeronautical products.

"As our production technology developed, we decided to pay more attention to the civilian market," said its general manager, Xu Chenpeng.

Xinfeng moved from Shanghai to the Guangxi Zhuang Autonomous Region in 1968. Today it has a work force of 1,300.

Xu said Xinfeng is authorized by the central government to enter into contracts or agreements directly with foreign firms to market its civilian products or to take up joint ventures to develop new products.

Southeast Asia & Pacific

Thai Foreign Minister Cited on SRV Pullout
*OW1310144788 Beijing XINHUA in English
1533 GMT 12 Oct 88*

[Text] Bangkok, October 12 (XINHUA)—Thai Foreign Minister Sitthi Sawetsila stressed here today that the key to the solution of the Kampuchea problem lay with an early withdrawal of Vietnamese troops from Kampuchea.

Briefing reporters on the UN General Assembly session and his visit to the United States at the airport upon his return, he said that "what is most important" is that Vietnam withdraws its troops from Kampuchea as soon as possible.

Vietnam's promise to pull out its 50,000 soldiers from Kampuchea has not been implemented, he said.

Sitthi also said that he would not like to see the power of a future Kampuchean government fall into the hands of the Heng Samrin faction.

Thai Officials To Attend Meeting on Cambodia
*OW1310121388 Beijing XINHUA in English
0657 GMT 12 Oct 88*

[Text] Bangkok, October 12 (XINHUA)—Thailand will send a team of senior officials to attend a working group meeting on Kampuchea scheduled to be held on October 17, the "BANGKOK POST" reported today.

The scheduled working group meeting was agreed at the Jakarta Informal Meeting (JIM) on Kampuchea, which was held in the Indonesian city of Bogor in July.

A reliable source of the Thai Foreign Ministry was quoted as saying that the Thai team will be led by the ministry's Political Affairs Department chief Thep Thewakun.

The source said that Hanoi's exploitation of the JIM for political propaganda purposes might cause the working group to decide against holding a second meeting.

However, should they decide to go ahead with a second meeting it would continue to be regarded only as an informal discussion to which interested countries might be invited to attend, the source said.

The first JIM was held in Bogor from July 25 to 28, with the participation of the three resistance groups in the tripartite coalition government, the Vietnamese-installed Heng Samrin regime, Vietnam, as well as the ASEAN Countries. However, no agreement was reached on seeking a political solution to the Kampuchean problem.

Official Surveys Land for Chinese Antarctic Base
BK1310054188 Melbourne Overseas Service
in English 1330 GMT 13 Oct 88

[Text] A senior Chinese official leaves Hobart today to survey land for a proposed Chinese base in Antarctica. Mr Guo Kung of China's National Antarctic Research Committee is traveling aboard an Australian chartered ship, "The Iceberg," and the proposed base is to be built on part of the frozen continent claimed by Australia.

The Chinese base to be located at the Larsemann Hills joins four other bases maintained by the Soviet Union in the Australian Antarctic territory. Officially, Mr Guo's trip is to study early season ice conditions in the Antarctic.

Chinese officials and scientists had traveled south with the Australian expeditions before and there are currently one Chinese physicist and a biologist working at Australian bases in the region.

Vietnam Agrees To Repatriate Boat People
OW1310182888 Beijing XINHUA in English
0730 GMT 13 Oct 88

[Text] London, October 12 (XINHUA)—Britain and Vietnam agreed today to cooperate in the repatriation from Hong Kong of illegal Vietnamese immigrants.

According to diplomatic observers, this is the first time Vietnam has agreed to take such people back.

Since immigration policies were tightened in Hong Kong last June, some 9,500 boat people who have arrived there have been told they will not be allowed to remain and that they do not qualify for resettlement elsewhere. After two days of talks in London, delegates from Britain, Hong Kong and London [as received] issued a joint statement saying they would ask the United Nations' high commissioners for refugees for help in sending back approximately 350 boat people who have asked to return, and seeing that they are repatriated without punishment or discrimination.

Although it is British policy to withhold aid from Vietnam until it agrees to withdraw its forces from Kampuchea, the United Kingdom has agreed to give financial help for the repatriation, in the form of transportation, and money for seeds, farming tools and housing.

Near East and South Asia

Zhao Ziyang Meets Saudi Special Envoy
HK1410092188 Beijing RENMIN RIBAO in Chinese
14 Oct 88 p 1

[Report: "Zhao Ziyang Meets Special Envoy of Saudi Arabian King"]

[Text] Beijing, 13 Oct (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee, met with Prince Bandar bin Sultan bin Abd al'Aziz, special envoy

of Saudi Arabian King Fahd and Saudi Arabian ambassador to the United States, this afternoon in Zhongnanhai. During the meeting he told his guest that China is willing to further strengthen and promote friendship and cooperation with Saudi Arabia in all spheres on the basis of the five principles of peaceful coexistence.

Zhao Ziyang expressed satisfaction over the smooth development of bilateral relations in recent years. He said: No conflicts of interest exist between China and Saudi Arabia. Moreover, the two countries share identical views on many major international issues. They also have many aspects in common in their economic construction. Expanding bilateral relations not only conforms with the fundamental interests of the two peoples but is also conducive to peace and stability in the world.

Prince Bandar said: Saudi Arabian leaders admire China's foreign policy and its policy of reform and opening up. They pay tribute to the cooperation between the two countries and wish to further promote friendship and cooperation with China.

At the invitation of the Chinese government, Prince Bandar arrived in Beijing yesterday for an official visit to China.

Zhao Ziyang extended a warm welcome to Prince Bandar for his official visit.

Prince Bandar handed Zhao Ziyang a letter from King Fahd and conveyed the King's cordial regards to him. Zhao also asked Prince Bandar to convey his regards to King Fahd and other leaders of Saudi Arabia.

Today, Prince Bandar also met with Chinese foreign minister Qian Qichen and vice minister Qi Huaiyuan separately and held talks with assistant minister Yang Fuchang. Both sides exchanged views on development of bilateral relations and international issues of common concern and reached a consensus.

Prince Bandar wound up his official China visit and left Beijing for home this evening.

West Europe

Yao Yilin Continues Visit to FRG

Promotes Expanded Ties
OW1310144888 Beijing XINHUA in English
1540 GMT 12 Oct 88

[Text] Cologne, October 12 (XINHUA)—China is willing to further expand its cooperation with Federal Germany said Chinese Vice Premier Yao Yilin in a speech Wednesday [12 October] morning at Cologne.

China hopes Federal Germany "will take a more positive attitude and practical measures to boost friendly cooperation," the visiting Chinese vice premier told about 200 audience from economic circles.

Yao made the speech in a public lecture at the invitation of Otto Welff Amtrongen, chairman of the Orient Economic Commission of Federal Germany.

Yao said that trade relations between China and Federal Germany have grown fast, and that further cooperation has been established between the two sides.

Yao told his audience that the trade volume between the two countries reached 4.35 billion U.S. dollars in 1987, and 2.06 billion U.S. dollars in the first six months of this year, an increase of 3.4 percent over the corresponding period for last year.

Prior to Yao's speech, Amtrongen said in his welcoming address that the Federal German economic circle will continue its efforts to support "the developing process of China."

"The economic development of China is also an impetus to economic reforms in other socialist countries," Amtrongen said.

Federal Germany hopes not only to expand its imports from China, he added, but also to increase its exports as well.

Touts Economic Cooperation

OW1310121888 Beijing XINHUA in English
0647 GMT 12 Oct 88

[Text] Bonn, October 11 (XINHUA)—Visiting Chinese Vice Premier Yao Yilin today called on Federal German enterprises to invest in China to boost both sides' economies.

Joint ventures and diversified cooperation could also promote world peace and stability, Yao said at the opening ceremony of the Federal German-Hinese Economic Working Group under the Federal German Southeast Asian Association and a seminar on Federal German-Chinese relations.

Yao said the setting up of the working group was a decision with foresight and expressed his belief that economic cooperation between the two sides would contribute to mutual economic development.

The purpose of the working group is to increase contacts between the two peoples, improve both sides' economic and trade relations and resolve economic problems.

Departs for Prague

OW1310203488 Beijing XINHUA in English
1509 GMT 13 Oct 88

[Text] Bonn, October 12 (XINHUA)—Chinese Vice Premier Yao Yilin ended his ten-day Federal German visit today and flew to Prague to begin his visit in Czechoslovakia.

During his Federal German visit which began October 3, the Chinese vice premier met Federal German President Richard von Weizsacker, Federal Chancellor Helmut Kohl, Federal Vice - Chancellor and Federal Minister for Foreign Affairs Hans-Dietrich Genscher and other high government officials.

During Yao's visit, the China and Federal Germany signed an agreement on financial cooperation and a contract on the transfer of mass integrated circuit technology.

Friendship Body Official Meets FRG Scholars

OW1310151488 Beijing XINHUA in English
1323 GMT 12 Oct 88

[Text] Beijing, October 12 (XINHUA)—Wang Shoudao, president of the China Association for International Friendly Contact (CAIFC), met here this evening with Dr. Werner Kattfleiter, director of the Institute of Political Science of the Christian-Albrechts University at the Kiet of the Federal Republic of Germany and scholars from four other universities.

Federal German scholars, who had come as guests of the CAIFC, discussed international issues with Chinese scholars in the past few days.

On October 9, chief advisor to the CAIFC, Huang Hua, met and feted Federal German guests.

Yang Shangkun Bids Farewell to Finnish President

OW1310131788 Beijing XINHUA in English
0911 GMT 13 Oct 88

[Text] Beijing, October 13 (XINHUA)—Finnish President Mauno Koivisto and his party left here this afternoon for a tour of Xian, Guangzhou and Shenzhen.

Chinese President Yang Shangkun bid them goodbye at the Diaoyutai State Guesthouse.

Koivisto told Yang that he had a pleasant stay in Beijing.

He said that the world needs China and international politics needs China to play its role.

Yang said China also needs the outside world. The Finnish president will be able to see China's achievements in reforms in Guangzhou and Shenzhen in south China's Guangdong Province, he said.

Accompanying the guests on the tour was Chen Minzhang, chairman of the Chinese Government Reception Committee and minister of public health.

Qian Qichen Holds Talks With Finnish Counterpart
OW1310130088 Beijing XINHUA in English
1104 GMT 12 Oct 88

[Text] Beijing, October 12 (XINHUA)—Chinese Foreign Minister Qian Qichen and Finnish Minister for Foreign Affairs Kalevi Sorsa agreed here today that the United Nations has strengthened its role in solution to regional conflicts and in safeguarding peace.

In their one-plus-hour meeting at the Diaoyutai State Guesthouse this afternoon, both ministers expressed their hope that the United Nations should exert a greater influence in this regard.

The two sides also exchanged views on international issues of common concern and on furthering bilateral relations in the fields of politics, economy and culture.

Finland's Sorsa Amends Comments on Soviet Summit
HK1410122688 Hong Kong AFP in English
1218 GMT 14 Oct 88

[Text] Beijing, Oct 14 (AFP)—A Finnish official who quoted Chinese leader Deng Xiaoping Thursday [13 October] as saying there would be a Sino-Soviet summit next year has amended his version of Mr. Deng's remarks, sources close to the Finnish delegation said Friday.

Finnish Foreign Minister Kalevi Sorsa said Thursday after a meeting between Mr. Deng and Finland's President Kauno Koivisto that the Chinese leader had told his guest he would meet Soviet leader Mikhail Gorbachev in 1989 for the first Sino-Soviet summit in 30 years.

Later Thursday in Xian, northern China, Mr. Sorsa told Finnish journalists that Mr. Deng had said "there might be a summit next year" if the upcoming visit of Chinese Foreign Minister Qian Qichen to Moscow went well, the sources close to the Finnish delegation said.

This amended version of Mr. Deng's remarks was made at the request of the Chinese authorities, said Western diplomats who had met their Finnish colleagues.

These diplomats, who asked not to be named, said they believed Mr. Deng had told his Finnish guests that there would be a summit meeting without linking it to the success of Mr. Qian's Moscow visit at the end of this year.

"To my knowledge, there was no mistake" on the Finnish side, embassy spokesman Kari Kahiluoto said by telephone. He declined to make any further comment.

Mr. Deng's remarks could simply have been a mistake—he is 84 and his diction is sometimes difficult to understand, observers said.

They also noted that the official press here made no mention Friday of the summit, reporting instead on the "future normalisation" of Sino-Soviet relations as an accomplished fact.

If Mr. Deng did announce the summit without such an announcement having been planned by the government it could put Chinese foreign policy in a difficult position, observers said.

Mr. Deng's remarks appeared to indicate that there were no further obstacles to a complete normalisation of Sino-Soviet ties, analysts here said.

The amended version of his remarks, however, would give Beijing some room for manoeuvre to obtain concessions from Moscow on a Vietnamese pull out from Cambodia, they added.

China has repeatedly stated that Soviet pressure on Vietnam to withdraw its estimated 120,000 troops from Cambodia was a pre-condition for a summit meeting between the two communist giants who fell out over strategic and ideological differences in the early 1960's.

Diplomats here said that whatever Mr. Deng actually said, a Sino-Soviet summit appeared certain.

"We think the time has come for the preparation of such a summit," Foreign Ministry spokeswoman Li Jinghua said in answer to a question at a weekly press briefing here Thursday.

Finnish Trade Minister Addresses Joint Meeting
OW1310230988 Beijing XINHUA in English
1558 GMT 13 Oct 88

[Text] Beijing, October 13 (XINHUA)—Both government officials and business executives from China and Finland said they share the same commitment to expanding business relations between the two countries.

Pertti Salolainen, foreign trade minister of Finland, told a joint meeting on trade and economy today that bilateral trade has trebled over the past five years and China is now Finland's most important trading partner outside Europe.

Salolainen, who came to China as a member of the official Finnish delegation headed by President Mauno Koivisto, said that there are direct air flights between the two capitals as a result of which nearly 6,000 Finnish people visited China last year.

The first Sino - Finnish joint venture opened last year in Qingdao, a coastal city in east China, and more projects are now under negotiation.

Both countries are restructuring their economies, the minister said, and the prospects for further business cooperation are very encouraging.

Matti Kankaanpaa, vice-chairman of the confederation of Finnish industries and chairman of Valmet Corporation, said that Finland's exports are now worth 21 billion U.S. dollars a year, accounting for about one-third of gross national product.

Kankaanpaa, who is head of the 27-member Finnish industrial delegation that came with the Finnish president, said that this is the largest business delegation Finland has yet sent abroad.

Finland was the first Western country to sign a bilateral trade agreement with China, in 1953. Several bilateral agreements and accords have been signed in recent years covering investment protection, avoidance of double taxation, science and technology exchanges and trading of textiles.

Chinese customs figures show that Sino - Finnish trade totalled 224 million U.S. dollars last year, a rise of 53 percent over 1986, and had reached 148 million U.S. dollars in the first nine months of this year. During this period, China's exports were 51 million U.S. dollars.

Joint Venture Accord Signed With Finland
HK1310121588 Beijing CEI Database in English
13 Oct 88

[Text] Beijing (CEI)—An agreement on the setting up of the Xi'an Velmet Paper Machinery Co., Ltd., a Sino-Finnish joint venture, was signed here on October 11.

The total investment of the joint venture is 13 million U.S. dollars including 6.5 million from the Xi'an Paper Machinery Plant, 5.5 million from Finland's Velmet Paper Machinery Inc., and 1 million from Finland's Fund for Industrial Development Cooperation Ltd.

The Finnish side will offer fund, technology of designing, manufacturing, research and managerial expertise. The joint venture will be able to manufacture 5,500 tons of various paper-making machines annually including the complete sets of paper equipment capable of making 100 to 200 tons of newsprint, toilet paper, writing paper and kraft paper.

The company is expected to go into production by 1989 and one-third of its products will be exported.

RENMIN RIBAO 'Roundup' on UK Labor Party
HK1110111088 Beijing RENMIN RIBAO in Chinese
7 Oct 88, p 6

["Roundup" by RENMIN RIBAO reporter Chen Tean (7115 3676 1344): "Face Reality, Readjust Policies—Notes on the British Labor Party's Annual Meeting"]

[Text] London, 5 Oct—Although the annual meeting of the British Labor Party held from 2 to 7 October at Blackpool is an ordinary annual meeting of the party, it

is regarded as an important turning-point meeting in which the Labor Party was trying hard to return to Downing Street. The Labor Party has been a non-ruling party for nearly ten years. The present Labor Party leader Neil Kinnock will soon become the opposite party leader in Britain holding the longest term of office in this century.

Most of the Labor Party people deeply understand the situation the party is facing, and hope that the annual meeting will become a "foundation ceremony" of its march to Downing Street. On the night when the annual meeting was inaugurated, Neil Kinnock and the Deputy Leader Roy Hattersley obtained majority votes and were reelected. Thus, the challenge on the position of the leaders started this spring was overcome. This meeting has also created advantageous conditions for further promoting their policies and views. On the following day, two policy documents were adopted after heated debates. These two documents are: "The Targets and Criteria of Democratic Socialism," and "Social Fairness and Economic Efficiency." Observers here consider that the reestablishment of the position of the leaders, and the adoption of the policy documents of the party have enabled Neil Kinnock to climb up to the first "summit" on the party's march to Downing Street.

Perhaps it still remains fresh in people's memory that the main reasons for the failure of the Labor Party in the last general election, just as British commentators said, are: 1) The economy is in the hand of the Conservative Party. 2) The national defense policy of "unilateral nuclear disarmament" proposed by the Labor Party made it lose a crucial 5 percent of its supportive votes. Viewed from this year's annual meeting, the Labor Party has grasped the key questions, and has made obvious policy readjustment.

An outline governing the policy readjustment on the questions concerning the ownership system has been formed. The principle speech delivered by Neil Kinnock in the meeting clearly indicated that the Labor Party should change its previous old economic nationalization policy, the economy should be regulated by (tiao jie (6148 4634)) the market, and a mixed economic model should be accepted. This speech gained the support of most of the delegates to the meeting. In the meeting, the motion of "renationalizing" all industrial enterprises, which were privatized since 1979, proposed by the leader of coal unions was opposed by an overwhelming majority. In the debates, many delegates requested to "modify" the "public ownership system" upheld by the Labor Party for a long time. In fact, the Labor Party at present also accepts the view that private individuals are allowed to hold a small amount of the shares of enterprises.

The inklings of the policy readjustment on national defense questions have begun to take shape. Although Neil Kinnock has not made any specific promise on national defense policy readjustment, observers consider

that his speech implied readjustments in the party's national defense policy. He advocated that the Labor Party should encourage some new disarmament measures, congratulate all disarmament achievements, and take part in the world's disarmament process, which is aiming at putting an end to the reliance on nuclear power. In the meeting, the national executive committee of the Labor Party adopted a mixed motion, which calls on the party to launch a movement to abolish all the nuclear power Britain has, but to avoid making any specific promise on unilateral nuclear disarmament. The executive committee also rejected two motions which bluntly advocate unilateral nuclear disarmament, but accepted another proposal. This proposal hopes that in the aspect of national defense strategy, the Labor Party can make some possible readjustments. This proposal calls for striving to abolish all nuclear power by the end of this century through "unilateral, bilateral, and multi-lateral nuclear disarmament."

Different from the view of the left wing of the Labor Party, which suggests the withdrawal of the future labor government from the EEC, Neil Kinnock indicated in his speech that the future labor government should stay in the EEC. The policy documents adopted by the annual meeting also pointed out that the Labor Party should have its own guiding principle so that it can meet the needs and challenges of the EEC in the 1990's.

Why is such a great readjustment in the Labor Party's policy, in particular the economic policy, needed? Neil Kinnock considers this a practical need. He considers that what the Labor Party is facing is a market economy that has been run by the Conservative Party for nine years. The Labor Party cannot divorce itself from this reality and implement old socialist "nationalization," but must, on the basis of the current foundation, run the economy better than Margaret Thatcher's government. He considers this not a shift to the right of the party policy, nor a concession made to Thatcherism. When Margaret Thatcher wins another general election, this will be the greatest concession made by the Labor Party. Although some individual Labor Party leaders criticized the fact that he is "intending to run capitalism in a way better than that managed by the Conservative Party," Neil Kinnock believes that most British people prefer this type of effective economy. In view of this, a policy change is imperative. The Labor Party gained this insight after its failures in three general elections; it is also a "neorealistic" answer found by the Labor Party on the question: "To what direction should today's Labor Party go?"

Court Orders Swiss Firm To Pay \$5.3 Million
HK1410101788 Beijing CHINA DAILY in English 14 Oct 88 p 2

[By staff reporter Shen Feiyue]

[Text] Shanghai—A Chinese court has ordered a Swiss company to pay some \$5.3 million to a Chinese national

import and export company for the money it defrauded, the bank interest, the business losses and the case registration fee.

Shanghai High People's Court rejected the appeal by Industrial Resources Company Inc., (IRC) on Tuesday. The court affirmed that the appellant took advantage of the contract with China Technology Import and Export Corporation (CTIEC) to purchase steel products to defraud CTIEC of a large sum of U.S. dollars, resulting in a tortious indemnity dispute rather than a contract dispute.

This is the largest case of international tortious indemnity involving a Chinese company since the People's Republic was founded in 1949, according to Liang Ruiling, director of the Economic Division under Shanghai High People's Court.

On April 1, 1985, the IRC signed a \$2.295 million contract with CTIEC to supply 9,180 tons of steel products. On April 10, CTIEC informed the Bank of China Shanghai Branch to send a letter of credit worth \$2.295 million to a Norwegian bank in Luxembourg with IRC as its beneficiary. The letter of credit stipulated that the steel products must arrive at Wenzhou, a city in China's southeast coastal Zhejiang Province before May 5, 1985.

On receiving the complete documentary evidence of delivery dated May 4 from IRC, Bank of China paid IRC on June 1. But CTIEC did not receive the steel products until October, although it had sent IRC many telexes requesting delivery.

A series of investigations proved that all the delivery certificates presented by IRC were spurious documents.

Consequently, CTIEC brought a lawsuit against IRC in Shanghai Intermediate People's Court. The court decided in May 1988 that IRC must pay CTIEC over \$5 million for its losses.

Shandong Official Meets With Danish Counsellors
SK1210042488 Jinan Shandong Provincial Service in Mandarin 2300 GMT 11 Oct 88

[Text] On the evening of 11 October at (Shungeng) mountain villa, Ma Shizhong, vice provincial governor, cordially met with the political and commercial counsellors of the Danish Embassy in China, and their entourage.

The Danish guests visited our province in order to understand our provincial plan for economic development and the economic and technological cooperation between our province and foreign countries; and to explore the possibility of further conducting cooperation with our province.

Vice Provincial Governor Ma Shizhong introduced to the guests our province's development in agricultural and livestock processing trades. The Danish guests were much interested in this, and expressed hope that both sides would further strengthen cooperation in this regard.

Hu Qili Meets San Marino Delegation
OW1010140088 Beijing XINHUA in English
1041 GMT 10 Oct 88

[Text] Beijing, October 10 (XINHUA)—Hu Qili, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met with and gave a dinner for a delegation from the Communist Party of San Marino here this evening.

The delegation is led by Alberto Mino, member of the Secretariat of the San Marino Communist Party Central Committee.

Barcelona Mayor, Delegation Visit Shanghai

Meet Jiang Zemin
OW0710230288 Shanghai City Service in Mandarin
2300 GMT 5 Oct 88

[Text] On the morning of 5 October, Jiang Zemin, secretary of the Shanghai Municipal Party Committee, met with Pascal Maragall, mayor of Barcelona City, Spain, and party now visiting Shanghai.

The host and the guests expressed satisfaction with the formal establishment of cooperative relations between the two cities, and exchanged views on future exchanges.

The delegation will leave Shanghai on the morning of 6 October.

Meet Shanghai Mayor
OW0710230388 Shanghai City Service in Mandarin
2300 GMT 4 Oct 88

[Excerpt] Mayor Zhu Rongji met and feted a delegation from Spain's Barcelona City, led by Mayor Maragall, at Jinjiang Hotel on the evening of 4 October. During the meeting, the two sides formally announced the establishment of exchange and cooperation ties between Shanghai and Barcelona.

Mayor Maragall said: Barcelona wishes to begin friendly cooperation in [word indistinct], trade, and industry with Shanghai. He suggested that the two cities hold a seminar to discuss concrete projects for cooperation.

Barcelona City has already dispatched entrepreneurs in the chemical engineering, textile, and food industries and experts on civic construction software to Shanghai to negotiate for projects. [passage omitted]

Joint Sports Protocol Signed With Spain
OW0710181988 Beijing XINHUA in English
1242 GMT 7 Oct 88

[Text] Beijing, October 7 (XINHUA)—A protocol for sports co-operation between China and Spain was signed here today.

According to the protocol, the two countries will exchange information on the respective sports organizations and that on scientific research.

Also included in the terms is an exchange of visits by teams of football, basketball, badminton, gymnastics, swimming, table tennis and other sports.

The document was signed by Li Menghua, minister of the Chinese State Physical Culture and Sports Commission and Gomez Navarro, general director of the Spanish Superior Council of Sports.

This afternoon, Peng Chong, vice-chairman of the Standing Committee of China's National People's Congress, met the visitors in the Great Hall of the People here.

East Europe

Qiao Shi Tours Hungary, Views Sino-Soviet Ties
OW1410065688 Beijing XINHUA in English
0631 GMT 14 Oct 88

[Text] Budapest, October 13 (XINHUA)—A senior Chinese Communist Party leader said here today that a Sino-Soviet summit is possible.

Qiao Shi, member of the Standing Committee of the Politburo and the Central Committee Secretariat, told the Hungarian press that China sincerely hopes to improve bilateral relations with the Soviet Union.

It is Chinese top leader Deng Xiaoping who first proposed a Sino-Soviet summit, on condition that the Soviet Union should urge Vietnam to pull its troops out of Kampuchea as soon as possible, Qiao, who is on a visit here, said.

Such a summit is possible if conditions are ripe, he added.

Referring to the reform of China's political structure, Qiao said reforms will be carried out step by step in the process of building up China's political democracy. He added that priority will be given to the country's stability and unity since China is the most populous country in the world with imbalanced development in its vast areas and relatively backward economy and culture.

Commenting on Sino-Hungarian relations, Qiao said the two parties and countries have enjoyed a traditional friendship. The exchange of visits during recent years

between senior leaders of the two parties and countries has pushed the Sino-Hungarian friendship and cooperation to a new phase, he added.

Both sides are determined to further develop the relations, so as to contribute to not only the interests of the two peoples but also world peace and human progress, Qiao declared.

Romania's Ceausescu Arrives in Beijing

OW1410075188 Beijing XINHUA in English
0648 GMT 14 Oct 88

[Text] Beijing October 14 (XINHUA)—Nicolae Ceausescu, general secretary of the Romanian Communist Party and president of Romania, and Elena Ceausescu arrived here by special plane this morning to start their 5-day official goodwill visit to China at the invitation of General Secretary Zhao Ziyang of the Chinese Communist Party Central Committee and Chinese President Yang Shangkun.

This is Ceausescu's sixth visit to China.

Present at the airport to greet the Romanian visitors were Zou Jiahua, state councillor and Chinese chairman of the Sino-Romanian Committee for Governmental Economic and Technological Cooperation; Qian Zhengying, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference; Li Shuzheng, deputy head of the International Liaison Department of the CPC Central Committee; Tian Zengpei, vice minister of foreign affairs, and Wang Jinqing, Chinese ambassador to Romania.

Sino-Romanian Cooperation Committee Meets

OW1310131188 Beijing XINHUA in English
1044 GMT 12 Oct 88

[Text] Beijing, October 12 (XINHUA)—The ninth meeting of the Committee for Sino-Romanian Governmental Economic and Technological Cooperation opened here this afternoon.

A Chinese Government delegation headed by State Councillor Zou Jiahua and a Romanian Government delegation led by First Deputy Premier Ion Dinca held

talks at the meeting. The two sides highly appreciated the two countries' cooperation in trade and production technology in the past year and put forward new proposals for such cooperation.

Earlier today, Zou met and hosted a banquet for the Romanian delegation.

Yao Yilin Arrives in CSSR for Talks 13 Oct

OW1310203688 Beijing XINHUA in English
1511 GMT 13 Oct 88

[Text] Prague, October 13 (XINHUA)—Chinese Vice Premier Yao Yilin arrived here today to begin a six-day bilateral series of talks with leading Czechoslovak officials.

The vice premier, who has just finished a 10-day visit to Federal Germany, will also exchange views with Czechoslovak party, state and government leaders on major international issues.

In early September, when Czechoslovak President Gustav Husak returned home after a five-day visit to China, he had reported that both nations were prepared to explore concrete ways to develop cooperation in the fields of economy and trade.

Sino - Czechoslovak relations have been normalized over the last few years, and have developed rapidly due to frequent contacts in fields of economy, culture, education, science, technology and sports. These exchanges resulted from earlier visits by the two countries' leaders.

Yao Yilin was welcomed at Ruzyně Airport by Czechoslovak First Deputy Premier Bohumir Urban and other senior officials.

Tian Jiyun Meets GDR Delegation; Accord Signed

OW1310230488 Beijing XINHUA in English
1517 GMT 13 Oct 88

[Text] Beijing, October 13 (XINHUA)—Chinese Vice Premier Tian Jiyun met here today with a water resources delegation from the German Democratic Republic.

The delegation is headed by Dr. Hans Reichelt, deputy chairman of the council of ministers and minister for environmental protection and water resources.

Tian said that a rapid progress has been reported in the economic, scientific and technological cooperation between China and Democratic Germany, adding that the scope of bilateral cooperation is broad.

He expressed joy over the achievements made in bilateral scientific and technological cooperation in the field of water resources, hoping to strengthen such bilateral cooperation.

After the meeting, Tian attended the signing ceremony of an cooperative agreement between the ministries of water resources in the two countries signed by Ministers Yang Zhenhuai and Reichelt.

According to the agreement, both sides will cooperate in the management of water resources, pollution and flood control, rational utilization and other fields.

Ji Pengfei Meets GDR Veteran Officials Group
OW1310191488 Beijing XINHUA in English
1303 GMT 13 Oct 88

[Text] Beijing, October 13 (XINHUA)—Ji Pengfei, member of the Standing Committee of the Central Advisory Commission of the Chinese Communist Party, met with and gave a dinner for a veteran officials delegation from the Socialist Unity Party of Germany here this evening.

The delegation is led by H. Liebermann, former ambassador of the German Democratic Republic to China.

XINHUA Details State Council Meeting
OW1310200388 Beijing XINHUA Domestic Service
in Chinese 0852 GMT 13 Oct 88

["At the State Council Plenary Meeting (by XINHUA reporters Ji Naifu and Xu Yaozhong)"]

[Text] Beijing, 13 Oct (XINHUA)—On 11 October 1988 Premier Li Peng presides over a State Council plenary meeting. The main items on the agenda are to translate the tasks laid down by the 3d Plenary Session of the 13th CPC Central Committee into action, concentrate efforts to do a good job in the last quarter of this year, and pave the way for next year's reform and construction.

Actions Already Taken [subhead]

All ministries and commissions under the State Council have taken actions focusing on improving the economic environment, rectifying the economic order, and deepening reform in all fields.

According to the State Planning Commission's report, the work to reduce the scale of investment in fixed assets has been carried out in an all-around manner. The commission has set up special offices with other departments and dispatched a number of leading cadres to various localities to take part in checking on projects involving fixed asset construction. The Commerce Ministry's report says that efforts are being concentrated on purchasing farm and sideline products, grain, cotton, oil-bearing crops, and particularly hogs during the peak season, in order to guard against "major campaigns" of all types and on accelerating the allocation, transport, and supply of major commodities. The Ministry of Railways says in its report that to ensure the transport of coal, a key state material, inspections are being carried out on a twice daily basis and that the Harbin, Beijing, and Zhengzhou Railways Bureaus have dispatched 51 special trains to transport coal every day since the beginning of October. The Finance Ministry's report says that it has already transferred 300 finance personnel to stations in a number of key state enterprises and corporations to assist in general checks on tax revenues, financial accounts, and prices. According to the report of the People's Bank, beginning 1 October trust and investment institutions of all kinds and at all levels in China have stopped issuing loans on credit and investment or short-term loans and started to make an inventory. The State Administration of Commodity Prices says in its report that it has called a special national conference on curbing price rises and drafted specific measures to strengthen supervision over prices and bring price hikes under control, which will be made public after approval.

The report of the General Office of the State Council says that it has already made arrangements to check and consolidate a number of national corporations, using the China National Petro-Chemical Corporation and the China National Nonferrous Metals Industry Corporation under the Ministry of Materials as pilot cases.

According to the report, the State Council has already done a host of work for checking and consolidating corporations, including checking the base number of national corporations as of last June, of which 40 percent were found to be productive, service, and science and technology development corporations and 60 percent were engaged in circulation businesses. The State Council has obtained a clear idea of the major problems existing in the development of corporations and the focal points for consolidation. All this has paved the way for checking up on and consolidating corporations.

Measures To Be Taken [subhead]

Actions have been taken, but they are not enough. More measures and much work have yet to be adopted and carried out, and the tasks remain arduous.

In its report, the People's Bank lists seven measures to especially prohibit banks and other financial institutions from issuing loans for the following 10 categories: projects not covered by the state plan; nonproductive construction projects; projects for fixed assets built with self-raised funds; small cotton mills, cigarette factories, wineries, woolen mills, and oil refineries; deficit-ridden enterprises; enterprises manufacturing unsellable goods; enterprises and companies engaged in profiteering and hoarding; grain and cotton procurement funds for departments and units not designated by the state; funds to be used for driving up prices and rushing to buy farm and sideline products from other regions; and increased investment on fixed assets by enterprises using advance payment for goods.

To make sure that next year's increase in commodity prices will be noticeably lower than that of this year, the State Administration of Commodity Prices is ready to take the following ten emergency measures: Stabilizing the prices of people's basic necessities, including the prices of vegetables preserved for winter consumption in large cities in northern China and the prices of rationed pork, and consolidating and publicizing the prices of a dozen of so major industrial goods essential for daily life; tightening price control on the grain market and providing guidelines for procuring grain at negotiated prices; stopping all reckless actions that raise prices of goods for agricultural production and stabilizing their retail prices; strictly setting price ceilings for major production materials the output of which is not included in production plans and monopolizing the trading of petroleum, copper, aluminum, and rolled steel, which are in high demand; requiring manufacturers to report any increase in the prices of industrial goods that closely relate to people's livelihoods and that have been decontrolled; banning intermediate exploitation, intensifying control of wholesalers, rationalizing the circulation of commodities in high demand, rationalizing the differences between buying and selling prices, rationalizing differences in regional prices, rationalizing differences between wholesale and retail prices, and forbidding wholesalers from selling goods to other areas at prices

different from local prices; rationalizing and controlling the rates that cities charge for public services and forbidding them from increasing fees for those that have close ties with the masses; delegating no more price-setting authority to lower departments next year; and seriously handling all violations of price regulations. According to the administration, immediate steps will be taken to enforce these measures for controlling price increases.

The Ministry of Agriculture says that it will intensify its work in three areas: First, it will take measures to increase output of grain, cotton, oil-bearing crops, and sugar and increase the supply of other agricultural goods. Second, it will continue to carry out the "grocery basket operation" and take effective measures to increase the production and supply of nonstaple foods in cities. Third, it will restructure urban and rural enterprises.

According to the report of the Ministry of Materials, it will take ten measures to improve market order and special efforts will be made to close down or reorganize departments, corporations, and enterprises engaged in speculative buying and selling of materials and equipment that are in high demand. The ministry has instructed that whenever possible production materials be sold directly to consumers and should not be handled by go-betweens.

The Ministry of Finance says in its report that it will improve its operation in four areas: First, it will make efforts to increase revenues and cut expenditures in order to control deficits. Second, it will readjust the power governing tax collection and management in order to improve tax collection and management. Third, it will curtail institutional purchasing power and strictly control administrative expenses. Fourth, it will organize a nationwide taxation, fiscal, and commodity price inspection to make sure that financial and economic discipline is seriously observed.

According to the State Planning Commission's report, it is working on specific plans for controlling industrial growth and improving and increasing supply.

Beginning With Themselves [subhead]

During the State Council plenary meeting all ministries and commissions indicated that they must begin with themselves in order to meet the State Council's requirements and carry out the guidelines set forth by the 3d Plenary Session of the 13th CPC Central Committee.

According to the State Planning Commission report, the commission has checked the conduct of party members in the commission and all its departments and their administrative discipline and has stressed that all mistakes should be corrected during the course of rectifying party conduct. According to the report, on 20 September the commission's party committee issued a circular on intensifying inner-party supervision and urged all Communist Party members to be honest in performing their

duties. Then, on 27 September the commission's party committee issued some guidelines for honesty to all staff members. The subsequent inspection of the commission's fiscal and economic affairs has accomplished three things: stopping the commission's construction of all buildings and offices by postponing the construction of three projects; basically solving the problems concerning incumbent cadres' involvement in commercial activities; and stopping the payment of this year's National Day bonuses to staff members in cash or in kind, as well as the buying of food for staff members.

According to the Ministry of Finance report, the ministry has drawn up several regulations to ensure party members' good conduct and honesty in performing their duties and instructed all localities to supervise the implementation of these regulations. The regulations state: All receipts and expenditures handled by the ministry will be properly controlled and there will be absolutely no reduction or exemption of payments based on personal factors, nor will there be any appropriation for the such reasons—much less should there be any act of corruption, receiving bribes, or abuse of authority due to personal interests. The ministry's group purchasing will be strictly controlled and will not exceed the approved quotas. There will be no construction of offices or other buildings during the next 2 years, nor will there be any interior decoration or purchase of any banned or controlled goods. Except for the needs of entertaining foreign visitors, there shall be no banquets or gift giving, nor will the ministry accept any gifts, including local and special products, from local authorities and other departments. Everyone, including the minister and all departmental chiefs, must clearly understand his or her responsibilities and their performance will be assessed by a supervisory system.

Comrades of the Ministry of Materials have taken the initiative to check the work of the 27 national corporations under its jurisdiction.

The China National Petro-Chemical Corporation and the China National Nonferrous Metals Industry Corporation have started reorganizing their enterprises.

The Ministry of Railways has pledged to deal with its own problems through self-education, pay special attention to problems concerning the pursuit of personal gains by means of trains or train tickets on the part of railway personnel, and accept supervision from all social quarters. Officials of the ministry say that, as an important sector in the sphere of commodity circulation, railway departments must intensify self-supervision during the course of ending the chaos within the sphere of circulation. At the same time they must perform their supervisory responsibilities so as to stop all irregularities that may undermine the economic environment.

It is of course impossible for one State Council plenary meeting to solve all problems. What various departments are doing or will do will be tested, supplemented,

and improved in the course of their work. The meeting nevertheless gives people hope, because it shows that many departments of the State Council have taken active measures to deal with their problems.

Companies Screened for Bureaucratic Involvement
OW1310204788 Beijing XINHUA in English
1651 GMT 13 Oct 88

["China To Screen Companies"—XINHUA headline]

[Text] Beijing, October 13 (XINHUA)—The Chinese Communist Party and government are circulating an October 3 joint decision to screen companies throughout China.

In recent years, new companies have mushroomed across the country, playing a certain role in promoting production and circulation, said the decision available to XINHUA today.

Nevertheless, "a considerable number" of them are of an administrative nature while engaging in business, have party and government functionaries working as their leaders or executives and resort to profiteering resales for exorbitant profits.

"The existence and development of these problems," it continued, "damage the interests of the state and people, give rise to unfair distribution, disrupt the economic order and cause the social morality to degenerate, thus seriously hampering the current reforms."

"It is now a must to screen these companies," it said, adding that the screening should be completed before the end of this year, and companies not essential should be dissolved or merged in the process.

A gist of the decision follows:

—The screening endeavor shall be focused on companies set up since the latter half of 1986, especially those multi-purpose, financial and commercial companies. Companies founded earlier should also be included if they have evidently committed grave misdeeds.

—Companies shall be deprived of their administrative functions. Except for a small number authorized by the state council, no company shall have the right to distribute supplies and investment and examine and approve infrastructure building and technical renovation projects, as well as plans for import and export and use of foreign exchange.

—Party and government offices shall be forbidden to launch companies with their operating funds, and companies they have already set up must immediately disintegrate [as received] themselves from them.

The portion of such funds already invested in companies shall automatically become state property subjected to the unified control by government financial organs.

—The decision reiterated the principle of forbidding party and government functionaries to engage in business or run enterprises.

None of them are allowed to take company posts (including honorary posts), and those who already have such posts must give them up or resign their official posts.

Neither retired officials must engage in business and financial operations by taking advantage of their social connections. [sentence as received]

Anyone proven to have acted in violation of this rule shall have their illegal income confiscated, and be penalized according to discipline or even be sued if such acts are serious enough to constitute crimes.

—Companies must operate within their approved business scopes, and resales of important production means and durable consumer goods in short supply shall be strictly forbidden.

—All companies must pay taxes in accordance with law and all privileges previously offered to them, such as tax reductions and exemption and reduced interest rates for loans to them, shall be cancelled.

The decision also applies to trade unions, women's and youth organizations, organizations of writers and artists as well as various associations, societies and foundations.

Decision Issued 3 Oct

OW1410000188 Beijing XINHUA Domestic Service
in Chinese 1142 GMT 13 Oct 88

[Text] Beijing, 13 Oct (XINHUA)—On 3 October, the CPC Central Committee and the State Council made a decision on screening companies.

The decision notes: In recent years, a large number of new companies have been set up in various parts of the country, and they play a certain role in the realm of production and circulation. However, a considerable number of these companies have maintained connections with official administrative departments and engaged in speculative reselling activities for windfall profits. These problems, if allowed to exist and develop unchecked, will harm the interests of the state and people, cause unfair distribution in society, disrupt the economic order, corrupt social values, and seriously interfere with, and impede, reform. To clean up the economic environment, improve economic order, strengthen control of commodity circulation, and ensure normal progress of reform, we must consolidate these companies.

The decision of the CPC Central Committee and the State Council provides:

1. The companies to be screened will primarily be those set up since the latter half of 1986, especially those handling all kinds of business, monetary affairs, and distribution. Companies set up before the latter half of 1986 will also be screened in case they have serious problems. The main purpose of screening these companies is to deal with their official, administrative connections and engagement in speculative reselling activities for windfall profits and define the principle and scope of their operation so that they will develop soundly.

2. These companies' administrative connections and governmental and administrative functions must be removed. With the exception of the extremely small number of companies which the State Council has directly authorized to undertake certain administrative duties, all other companies shall not perform any concurrent government functions of approving allocation of materials, investment, capital construction projects, or technical renovation projects; or approving the import of goods or use of foreign exchange, nor should they have any administrative authority in controlling any trade and profession.

3. All organs (including all party, state, administrative, judicial, and procuratorial organs—same below) shall not use their administrative or operational budgets, special funds, nonbudgetary funds or bank loans to set up companies. Those companies which have already been set up with such funds or loans must have their fiscal affairs and assets completely separated from the party or other organs within a specific period. All capital invested in these companies shall be considered state property, to be controlled by financial departments at all levels. All party and other organs shall not in any name collect money or anything from these companies and use them to defray financial expenses or workers' welfare services, or pay for their rewards or subsidies.

4. Regulations of the CPC Central Committee and the State Council forbidding cadres of party and state organs from engaging in commercial activities must be strictly enforced. Personnel working at party and state organs shall not assume concurrent posts (including honorary posts, the same below) at any companies (or enterprises). Those who do should give up either their posts at these companies (or enterprises) or their posts at the party or state organs. Issues concerning party and state organs' retirees opening companies, or working for them, shall be handled according to central authorities' relevant regulations. No cadres in active service and retirees shall take advantage of their power or connections to reap profits from commercial operations or financial undertakings. All violators shall have their illegitimate income confiscated and punished by the competent authorities, and those whose conduct constitutes a crime shall have their criminal responsibilities investigated by judicial organs.

5. Companies of all categories must operate legitimately within their approved business scope, and profiteering resales of important production means and durable consumer goods in short supply shall be strictly forbidden. Important production means and durable consumer goods in short supply shall be sold legitimately only by state-owned commerce, the material supply and marketing department, supply and marketing cooperatives, and factories producing these products. Violators of this rule shall be dealt with in accordance with "Interim Regulations Governing Punishment on Speculators."

6. All companies must pay taxes in accordance with law, and all tax reductions and exemption and reduced interest rates for loans previously offered to them shall be cancelled.

7. Applications for establishing new companies shall be strictly examined. With the exception of enterprises with foreign investment which are governed by relevant laws, the plan for establishing a new company shall be first examined by the departments in charge at various levels. Then, the application for establishing it shall be filed with the department concerned according to the business nature of the company. If the department concerned gives consent to the application after examining it, the application shall be submitted to the industry and commerce administrative department for approval and the new company shall be registered. Applications for establishing large comprehensive companies must be approved by the State Council. The registered capital of a company must conform to its actual capital, and the business scope of the company must be carefully checked before an approval is given. No organization or individual with power or relationship to influential person is allowed to interfere with the application examination and approval work by issuing instructions, using other's influence or giving bribes. Violators of this rule shall be sternly dealt with.

8. This decision also applies to trade unions, women's federations, CYL committees, federations of literary and art circles, various associations, societies, foundations, other mass organizations and their personnel.

9. The screening of companies shall be in the separate charge of provincial, autonomous regional, and municipal people's governments and various central departments. The people's governments at various levels and the departments concerned shall each assign a responsible person to lead the screening work, and each set up a special leading body. After conducting investigations and studies, all localities and departments shall put forward concrete plans respecting the close-down, merger, or retention of their companies. Companies failing to meet requirements and unnecessary companies should be resolutely closed down or merged. Their assets shall not be transferred, nor shall their capitals be withdrawn. It is necessary to make screening and improvement at the same time, set clear and definite business policies and scope for companies of various

categories, and institute and improve various rules and regulations regarding accounting, personnel, wages, bonuses, welfare, operation, and management of the companies.

10. People's governments at all levels should conduct general screening and priority checkups simultaneously, and strive to make breakthroughs in solving major problems to promote the overall screening work. People's governments should sort out the companies having serious problems and assign qualified personnel to screen them on a priority basis. If a company is deemed worth retention during the screening, it should be reregistered. Cadres at all levels and the broad masses may report to the departments concerned any organizations or individuals violating this decision.

The decision of the CPC Central Committee and the State Council provides that the screening of companies throughout the country should be completed before the end of this year.

CPC Expelled 25,000 'Degenerate' Members in 1987
HK1310135388 Beijing RENMIN RIBAO in Chinese
12 Oct 88 p 4

[Report: "More than 25,000 Party Members Were Expelled Last Year"]

[Text] According to an article carried in the 10th issue of DANGJIAN, some 150,000 party members were punished by party discipline in 1987, accounting for 3.31 per thousand of the total number of party members. Of this, 25,294 were expelled from the party, accounting for 17 percent of those punished.

The article entitled "Resolutely Weed Out Degenerates From the Party" made an analysis of the 25,000 members expelled from the party last year. Of the 25,000 members expelled from the party, the article pointed out, 23,173 were ordinary members, accounting for 91.6 percent of those expelled; and 37 were cadres at and above the prefectural and division level, 367 were at and above county and regimental level, 1,717 were at and above section and battalion level, the three groups totaling 2,121 and accounting for 8.4 percent of the total number of members expelled from the party. The expulsion of these leading cadres from the party shows that in the new situation of reform and opening up, every party member, leading cadres in particular, should stand the test of the ruling party, reform, and opening up. The expulsion of these leading cadres from the party also indicates that the party upholds the principle of all members are equal before party discipline and that no one is allowed to place himself above party discipline and state laws. Whoever violates party discipline, whether he is an ordinary member or a senior cadre, will be punished by party discipline and even expelled from the party.

Of the members expelled from the party, those involved in economic mistakes such as corruption, embezzlement, bribery, smuggling, swindling, and speculation total 8,724, accounting for the largest number or 34.5 percent of total number of members expelled from the party. A considerable number of them have violated the criminal law and are punished by law. Of all kinds of economic mistakes, 4,819 members were involved in corruption, 55 percent of those involved in economic mistakes or 19 percent of the total number of members expelled from the party; 1,563 were involved in offering and taking bribes, 18 percent of those involved in economic mistakes; and 1,350 were involved in embezzlement, 15.5 percent of those involved in economic mistakes. The covert economic offenses, underground dealing, and nepotism have increased the difficulties in investigating and handling the cases. Hence, the actual problems are probably graver than those already exposed.

Of all kinds of mistakes, those punished by party discipline for being morally degenerate and indulging in extramarital relations rank third. Last year 2,839 members of this category were expelled from the party, accounting for 11 percent of the total number of members expelled.

Last year 306 members were expelled from the party for serious bureaucracy and dereliction of duty, accounting for 1.2 percent of the total number of members expelled. The members of this category are all responsible persons of the locality or department. Although they account for a minority, the losses they caused on the property of the state and the people are uncountable.

Facts have proved, the article carried in DANGJIAN also pointed out, the majority of party members are worthy of the glorious title of a communist. However, a handful of them have failed to withstand the test of a ruling party, reform, and opening up. They have abused powers for personal gain and are involved in corruption and bribery, seriously violation of party discipline and state laws. They have become degenerates undermining the cause of the party and the people. It is necessary to adopt the principle of resolutely weeding out the degenerates from the party.

The party has expelled a total of 177,000 members in the 6 years from 1982 to 1987. This indicates our party's determination to carry out strict administration.

Freedom of Speech Important to Social Progress
HK1310095888 Shanghai SHIJIE JINGJI DAOBAO
in Chinese 3 Oct 88 p 13

[Article by Zhang Guangzhao (1728 1639 3564): "Social Progress Needs Freedom of Speech"]

[Text] What is freedom of speech? In a positive sense, it means that people can say whatever they want to say. In a negative sense, it means that people must not be required to obey the orders of others and they must not

be regarded as being guilty due to saying something wrong or regard others as guilty according to what they have said. In the constitutions of all countries, there is an article on freedom of speech (though the true meaning may not be implied or there is no guarantee of it), and China is no exception. Thus, when people are setting frames for freedom of speech, I wonder whether they understand that they are actually violating the constitution. It is not necessary nor possible to require people to say or not to say something or to prevent the emergence of "wrong" ideas. Who can know whether his ideas are correct or wrong before making a study of them? We should also prevent setting restrictions on what people should say and what they should not. However, it is really necessary and possible for us to make a distinction between words and deeds. There should be no conditions for freedom of speech, just like for freedom of thinking. Nobody has the right nor the method to deprive others of the right to speak, unless they give up their right voluntarily or unless they have been deprived of their right according to law. But there are conditions for freedom of action. It is not only restricted by social regulations but is also restricted by all kinds of material conditions. All people enjoy freedom of speech on all questions, but they do not necessarily have freedom of action in all cases. The stipulations on freedom of speech in the Constitution are all very natural and very important. The prerequisite for freedom of speech is that people should not violate laws in their actions. Freedom of speech is protected by law. But this does not mean that slander is also protected.

The opposite to freedom of speech is no freedom of speech and no freedom of action. What people demand is to air their views freely and to explore whatever problems they are interested in no matter if they are in keeping with the desires of certain other people or not. But they do not oppose setting restrictions on action. Most people have set demands on themselves and on others according to law. What they want is to "speak out freely" rather than "to do whatever they like." We should not confuse the two. Over the past several decades, there have been endless disputes over the question of whether to separate political problems from academic problems, which have brought about very harmful effects. This is really a tragedy for Chinese intellectuals. Some people have depicted freedom of speech as something very dreadful. It seems to them that once there is freedom of speech people may attack socialism and criticize Marxism from all directions. As a matter of fact, by saying so, they have already consciously or unconsciously set our system against the people. It is absolutely normal that different opinions exist at the same time. Comrade Xiaoping said: "What is socialism? What is Marxism? In the past we did not have a clear understanding of this." Then who dares say that he is clever enough and has a keen insight into all matters? During the "Cultural Revolution," we had the

"highest and most lively theory of our times" and a genius who "only appears once every several hundred years." But now who on earth can believe that myth? Let us just come to political problems, not to mention the problems concerning science and technology. Building socialism with distinctive Chinese characteristics is an undertaking that has never been done before. We have to "grope our way" and make continuous explorations to find answers and methods. Thus, it is necessary to mobilize and bring into play the wisdom and creativity of the whole nation. Emancipation of the mind and independent thinking are very valuable characteristics, in which the Chinese are wanting. If people are not allowed to speak out and to think freely, and only a certain person or a small number of people are granted with the privilege to ponder questions, the result is always disastrous. This is also a reason for China's backwardness. We have had many bitter experiences in this respect. Freedom of speech provided by the Constitution is a common right. Any restrictions on it can only turn it into a privilege for a small number of people. All restrictions, ridicules, and distortions on it are unreasonable and harmful. They are by no means expressions of truth and strength. China has a tradition of ideological autocracy, under which there is no freedom of speech. If freedom of speech is only a legal provision or something bestowed by certain leaders as a favor without a profound theoretical basis or effective and feasible measures, it cannot be put into effect and can easily be abolished on certain "noble" excuses. In this respect, we have had innumerable lessons in the past. Therefore, we must do our best to ensure that people can pursue truth fearlessly so that science and technology and the cause of reform can be further promoted. An important task for us is to carry out a further theoretical study of this question.

Freedom of speech is one of the most basic rights of the people. Like all other rights, it also implies the meaning of duty and is closely related to other rights and duties. It cannot exist in isolation. Freedom of speech of each person is related to the freedom of speech of other persons. It means that no one can wilfully deprive others of their freedom of speech. But since the Chinese do not have a good tradition of freedom, they can hardly understand the meaning of freedom of speech. They can only realize a certain kind of threat and would rather maintain "order" than have freedom. This is a wrong and naive idea. Of course, freedom of speech is by no means absolutely good. No other rights are absolutely good. However, without freedom of speech, it is absolutely bad. People cannot even talk about social progress. One's idea is originally something reflecting one's understanding of things. No one has the right to force his views on others. When one holds that a final conclusion has already been reached on a certain matter, others may think that it is still an open question. Who is right and who is wrong? Who has more truth and who has less

truth? This can only be proved through disputes and examined by practice. If we allow a small number of people or even a certain person to set up forbidden areas, we will accomplish nothing at all. There cannot be objective criteria for setting up forbidden areas but only the criteria based on the viewpoints of a certain person or certain factions. We must never think that it is wrong for other people to regard some others as being guilty according to what they have said but it is a "scientific" way for us to do so. It has often happened that when one is on a leading post, what one says are always regarded as "directives," but when one falls out of power what one says would become "vicious remarks;" when people are allowed to air their views and pour out complaints, they can voice whatever they want to, but when certain leaders want to punish them another day, what they have said would become proof of their guilt; the same remarks exposing corrupt and evil things within the party are sometimes regarded as "remarks to enlighten and alert people" if they are made by the leaders, but sometimes regarded as "vilification and vicious attack" if they are made by other people. The mistake of regarding different opinions within the party and differences in exploring a road for revolution as well as the different views among party leaders as "anti-party conspiracies" and labeling them as "anti-party cliques" has happened in both China and the Soviet Union. It is a serious mistake that weakens and undermines the party.

Some people are always apprehensive that freedom of speech may result in talking a lot of nonsense. They stand for placing restrictions on freedom of speech. This is really a strange logic. We do not deny that some people may not be able to correctly understand and use this right, but anyway, they only form the small minority. Can we thus deprive the great majority of people of their freedom of speech? Like air on high peaks, freedom is precious. People are not entirely incompetent toward all kinds of nonsense. Individuals are restrained by society, and people's rights are interrelated. The abuse of rights is more harmful than anything else to those rights. Under no circumstances does freedom of speech mean that people can reveal and sell state secrets or slander others. On the contrary, it is none other than the abolition of freedom of speech that may legalize slander and frame-ups. Provided people adopt a serious attitude and follow a normal way of thinking, they will surely be able to make use of the right of freedom of speech to explore problems in various fields. This is a serious and sacred matter. Without a wide range of knowledge, it is difficult to offer sound opinions. People will not pay attention to invaluable things. Things with little vitality will not live long in the world of competition. One will make a great mistake if one tries to suppress the ideas and views that one thinks to be incorrect and superficial. Truth can stand on its own, only fallacies need the support of power. Most things that are imposed on people by compulsory means are not truths or they are distorted truths. It may be more appropriate to say that those who place restrictions on freedom of speech are afraid of truth rather than afraid of falsehood.

RENMIN RIBAO Views Rural Changes
HK1410024288 Beijing RENMIN RIBAO in Chinese
7 Oct 88 p 2

[Article by Yu Guangyuan (0060 0342 6678) in Beijing: "A Few Words About the Rural Areas Over the Last 10 Years"]

[Text] As the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee approaches, everyone is busy summing up his work over the last 10 years. The 3d plenary session straightened out our ideological line and set forth reform tasks. A fast-expanding practice has been rural reform characterized by the implementation of the system of contracted responsibility on a household basis with payment linked to output.

I have always been in favor of this rural reform. But I did not have enough time to study the reform during its initial period, so I lacked a profound understanding of it. Subsequently I went to the rural areas to investigate and began to understand the significance of this reform better. I went to Zhuji County of Zhejiang Province in 1982. As the county head related, when the system of contracted responsibility on a household basis with payment linked to output began to be introduced, leaders of the county party committee and government had controversies with the peasants on three occasions. After three "tug of wars," the peasants won those leaders over. His description was very vivid. Not only county party committee leaders but leaders above the county party committee level also took part in the controversies, but they were all "pulled over" to the peasants' side after three "tug of wars," he added. Production increased very fast within several years as a result of the implementation of the contracted responsibility system. According to statistics, the labor productivity of the entire rural areas increased by 7.2 percent during the 26 years from 1952 to 1978, whereas the annual growth rate of their labor productivity for 1979, 1980, and 1981 was also registered at 7.2 percent, each being equivalent to the growth rate during the 26 years. Therefore we say the rural areas made remarkable achievements during this period. In the end the controversies were over and conclusions were drawn.

I was conducting surveys in some provinces in 1981. After returning from the surveys, I made three remarks. First, small as it is, Zhuo County could produce two trailblazers, one was Liu Bei and the other was Zhao Kuangyin. The small county of Fengyang also brought forth a trailblazer named Zhu Yuanzhang, who unified the county; it has also provided an experience in contracting output quotas to each household, thereby unifying the guidelines for the state policy on agriculture. Second, Lenin said that organizationally the central government exercises leadership over local governments, but in terms of accumulating experience local governments generally can provide guidance for the central government. Experiences are created by localities. "Concentrating it in the hands of the central government and

implementing it at the lower levels" as Mao Zedong once talked about refers to this. Third, I said to myself that sitting in the research office of the China Academy of Social Sciences could not help facilitate the development of Marxism; it was necessary to investigate and study at the grass-roots levels and to hold discussions with the masses there. Of course, nor will it do to completely separate oneself from the research office.

I am a person engaged in theoretical research. After acquiring the above basic understanding I began to consider this question: From a socialist viewpoint, have the rural areas made progress or retrogressed with the implementation of the contracted responsibility system? The previous ownership system of "large in size and public in nature" seemed to become smaller and its socialist nature weaker after production quotas were contracted to each household; but viewed from a wider angle, the peasants could not carry out production of their own accord and became languid in work under the above ownership system because production team leaders frequently issued confused orders. Can we say that this ownership system is "public in nature"? On the surface, this "large in size and public in nature" is the characteristic of socialism, but essentially speaking it does not manifest the basic characteristic of socialism because the peasants could not go in for production of their own accord under this system. I dare not say that the contracted responsibility system bears a high degree of socialist nature, but at least it is better than the previous ownership system of "large in size and public in nature" because the peasants can carry out production of their own accord. A better form is a form that can help develop the productive forces. This is what we call the productive forces criterion. The productive forces criterion is the only criterion; it is impermissible to replace this criterion with any other forms, nor will it do to equate the form of "large in size and public in nature" with it. Otherwise, which is to follow when the two contradict each other? Therefore there can be only one criterion, that is, the productive forces criterion.

There have been great developments in the rural areas over the last few years. Of course, there are also many problems. The rural areas should not rest on the contracted responsibility system but should instead "create new organizational forms." However, as I see it, creating new organizational forms should be based on reform achievements over the last 10 years. Rural reform over the last 10 years has focused on allowing independent operational rights for the peasants with the aim of maintaining their initiative in production.

Different socialist structures under the socialist system have appeared on the Chinese mainland since the 3d Plenary Session of the 11th CPC Central Committee. This is good and not bad. When there are differences, comparisons can be made, those in front can be examples for those falling behind to learn from, and rich experience can be accumulated and popularized. This diversification indicates our creativeness in structural

reform. Diversification will provide opportunities for choice. Rural economic organizational forms should be decided by the peasants, who constitute the principal body of rural reform. An economic organizational form will come to naught if it is opposed by the peasants. In the past rural organizational forms were forced on the peasants. As a result they could not display their initiative. But when rural organizational forms changed, the peasants felt emancipation. We should continue to persist in the principle of independent operation in the rural areas and should have faith in the peasants; never think that we are wiser than them and can replace them in considering problems and making decisions.

In short, everyone should be allowed to air his views when discussing how to create new economic organizational forms in the rural areas. After new organizational forms are created, they should be experimented with. Such forms as "company mixed with peasant household" and "peasants technology association" are very good. The principles for making a choice are as follows: First, it is necessary to allow the working people to decide their own affairs; second, it is necessary to persist in a direction toward socialization; and third, it is necessary to use the productive forces as the only criterion to judge reform.

Zhao Visits Machinery, Electronics Exhibition
HK1410110188 Beijing RENMIN RIBAO in Chinese
12 Oct 88 p 1

[Report: "Zhao Ziyang Visits an Exhibition on the Expansion of Exports of Machinery and Electronic Products"]

[Text] At 1930 on 10 October, accompanied by Zou Jiahua, state councillor and minister of the Ministry of Machinery and Electronics, and Zheng Tuobin, minister of the Ministry of Foreign Economic Relations and Trade, General Secretary Zhao Ziyang visited an exhibition on the expansion of exports of machinery and electronic products held in China's International Exhibition Center. Zhao Ziyang watched with great interest, exhibits provided by more than 400 manufacturers. He also asked in detail, about the progress of exports of China's machinery and electronics products in recent years.

In recent years, China's machinery and electronics industry has imported several thousand items of advanced technology through foreign economic cooperation in addition to scientific and technological breakthroughs made at home. At present, China possesses the capability of manufacturing complete plants and equipment of a high level. In 1987, the export volume of machinery and electronics products reach \$3.85 billion, an increase of 55 percent over 1986. The first machinery and electronics products exhibition sponsored by the Ministry of Machinery and Electronics, the Ministry of Foreign Economic Relations and Trade, the Office under

the State Council responsible for the export of machinery and electronics products and China Council for Promotion of International Trade is aimed at reviewing the economic achievements of the machinery and electronics industry in China; at enhancing the grade and level of China's exported machinery and electronics products; and at expanding exports. The exhibition was opened on 7 October. Chairman Wan Li attended the opening ceremony and cut the ribbon at the opening of the exhibition.

'Revealing' Visit to Jiuquan Satellite Center
HK1310105388 Beijing RENMIN RIBAO in Chinese
9 Oct 88 p 3

[Article by RENMIN RIBAO reporter He Huangbiao (0149 7806 1753): "Revealing This Mysterious Place—A Visit to Jiuquan Satellite Launching Center"]

[Text] We got off the train at the Qingshui Station in the western part of Gansu Province and went on board another train to continue our trip to the headquarters of the Jiuquan Satellite Launching Center. The Jiuquan Satellite Launching Center is the oldest and biggest satellite launching center in our country. Our train traveled along a special railroad which cannot be found on a map of China. After going through more than 200 km of the vast Gobi Desert, we finally reached our destination.

The Jiuquan Satellite Launching Center is a mysterious place. Because of various reasons, this mysterious place has seldom been mentioned in our country's newspapers. This mysterious place has only been noted as "a certain satellite launching center in the western part of our motherland" in our country's newspapers. The hardships and difficulties experienced by people working in this mysterious place have seldom been mentioned in our country's newspapers, either. Very few people in the world know that the people working in this mysterious place have been quietly making important contributions to China's development over the past decades.

Now, it is time for us to reveal this mysterious place to the outside world.

Make Headway by Braving Hardships and Difficulties
[subhead]

The Jiuquan Satellite Launching Center consists of both the main area and the surrounding area. The main area of the Jiuquan Satellite Launching Center is situated between Jinta County of Jiuquan Prefecture of Gansu Province and the vast Gobi Desert in Ejina Banner of Alxa League of Inner Mongolia Autonomous Region. The surrounding area of the Jiuquan Satellite Launching Center extends from Gansu Province to the southernmost part of Xinjiang Uygur Autonomous Region where the Haohan Desert, which is also known as the "Death Zone," is situated.

"Numerous hardships and difficulties!" sighed the responsible person of the Jiuquan Satellite Launching Center with emotion. The responsible person of the Jiuquan Satellite Launching Center also said: "The development of our country's astronautics industry met with a lot of difficulties and obstacles and was almost killed in its infancy in the early days."

China began to develop its own astronautics industry in 1958. According to the decision of the CPC Central Committee and the State Council, a batch of Red Army-men, who had taken part in the 25,000-li Long March; veteran Eighth Route Army-men, who had fought the Japanese aggressors in the green curtain of tall crops; veteran PLA men, who had overthrown the Jiang dynasty; members of the Chinese People's Volunteers, who had just returned to their motherland from the Korean battlefield; and a large number of outstanding scientific and technological personnel arrived at this uninhabited Gobi Desert in 1958. These people slept in the tents and worked hard in the extremely windy and dusty weather for over a year. Finally, they completed the construction of China's first rocket launching center.

However, just as they were preparing to launch the first rocket provided by a big country, the entire international situation changed. As a result, our heroic men working on China's first rocket launching center had to face enormous difficulties and endure various pressures.

In September of 1960, all the foreign experts sent by that big country left the rocket launching center. At that time, the Chinese scientific and technological personnel had not yet completely mastered the advanced rocket-launching technology. When leaving China's first rocket launching center, the foreign experts of that big country left only a rocket.

Our heroic rocket-launching contingent withstood such a big pressure and bravely faced up to this grave reality. At the rocket launching center, people could see such a slogan: "Work with one will to make our country strong!"

Only 17 days after the foreign experts left, a flash streaked across the sky. Our heroic men successfully launched the rocket left by the foreign experts into the space by using China-made fuel. Soon afterwards, our heroic men successfully launched the first China-made rocket into the space. After the first China-made rocket accurately reached its designated destination, Marshal Nie Rongzhen said with excitement at the testing ground: "We will solemnly declare to the whole world that China has successfully launched the first China-made missile by using a China-made propellant!"

Since then, China has embarked on the road of developing the astronautics industry by maintaining independence and keeping the initiative in her own hands.

Advance Toward Comprehensive Missile Testing Ground [subhead]

After opening a new chapter in the annals of the history of China's astronautics industry by successfully launching the first China-made rocket into space, our rocket-launching contingent got ready for building China's own comprehensive missile testing ground.

In order to build a comprehensive missile testing ground, a large number of scientific and technological personnel industriously carried out relevant scientific research and experiments day and night. Leaning on his bed and enduring the great pain, deputy general engineer Xing Chunpu, who had just got out of the hospital after undergoing a gastrectomy operation, operated a manual computer to calculate the missile launching precision. All his blueprints were drenched with his sweat. Finally, he successfully worked out the "new method for calculating differences between different ballistic instruments."

On 27 October of 1966, the heating test aimed at connecting an atom bomb with a missile was carried out. That was the first time in the world that a country had carried out such an actual combat launching test on its own territory.

In order to successfully carry out that significant test, with the approval of the State Commission of Science, Technology, and Industry for National Defense, seven test control personnel entered the testing ground. They clearly knew what would happen to them if the test failed and the atom bomb fell to the ground! However, all of them were duty-bound not to turn back. They indirectly made their last remarks to their families and wrote their testaments to their organizations.

"I'm willing to devote all I have to the development of the sophisticated national defense technology of our motherland!" wrote a 20-year old operator with tears in his eyes. The young operator also said: "I am not yet a CPC member but I'm grateful that the party organization has put complete trust in me. If I die, I'll give all my salary to the party as my CPC membership fee." After saying these words, the young operator quickly climbed into the area between the warhead of the atom bomb and the missile to connect the atom bomb with the missile at the risk of an explosion. When the young operator was connecting a dangerous plug, all the other personnel withdrew from the site and took cover. The young operator calmly connected the ignition system of the atom bomb with the power supply so as to place the nuclear bomb in a good launching state. With a terrific sound, the nuclear bomb took off in a cloud of smoke. In the twinkling of an eye, people heard a sudden clap of thunder in the distant *luo bu po* [5012 1580 3124] and immediately saw a huge mushroom cloud solemnly rising up.

This is one of the dangerous events our heroes at the Jiuquan Satellite Launching Center experienced. When launching a certain medium-and-long-range rocket, a sudden explosion happened. At this important juncture of life and death, Deputy General Engineer Hu Shixiang thought to himself: This type of rocket will be used as the means of delivery for launching China's first man-made earth satellite. So the cause of the accident must be found out at once. He quickly climbed up the control tower which was more than 40 meters high amidst the thick smoke spurting out from the middle section of the huge rocket. When he was approaching the rocket, "Bang," the module door was blown open and a metal object narrowly missed his ear but hit the thick steel plate, making a deep mark. However, deputy general engineer Hu Shixiang feared nothing and bent over the rocket to look for the real cause of the explosion.

On 20 April of 1970, our heroes at the Jiuquan Satellite Launching Center successfully sent the "Dongfanghong" satellite into the space. In 1975, they succeeded in successively launching two scientific and technological experimental satellites and China's first retrievable experimental satellite into the space, thus realizing the beautiful dream of "sending three Chinese satellites into the space within one year."

Enter the New Period Stressing Practicality [subhead]

With the 1980's approaching, the Jiuquan Satellite Launching Center took on a new look.

Li Fengzhou, general engineer of the Jiuquan Satellite Launching Center, who had repeatedly been awarded for his meritorious services and had been named as a "Lei-Feng-Type Cadre," carried out a thorough transformation of the existing computer of the center. In order to successfully carry out a thorough transformation of the existing computer of the center, general engineer Li Fengzhou went to almost all the relevant enterprises and research institutions in China by enduring the hardships of many long journeys and read a large number of relevant domestic and foreign materials. Even during over 10 days' time when his child was receiving a medical treatment in the hospital, general engineer Li Fengzhou sat at his child's bedside, repeatedly carrying out calculations. On New Year's Eve, while others were happily setting off fireworks outside, general engineer Li Fengzhou was busy designing the new computer system in the engine room of the center. He did not know that New Year's Day had arrived until his neighbors sent boiled dumplings to him early the next morning. After making strenuous efforts for over a year, general engineer Li Fengzhou finally succeeded in updating the computer system and increasing the calculating speed of the existing computer of the center to a level desirable to the launching of new rockets in the future.

Thanks to their long-time strenuous efforts, the scientific and technological personnel at the Jiuquan Satellite

Launching Center have achieved one major breakthrough after another in their scientific and technological research and experiments. The most notable achievements made by the scientific and technological personnel at the Jiuquan Satellite Launching Center include: A new-type half-inch tap unit, an advanced automatic command system, the Ka Ma Ke [0595 7456 0344] General Survey and Calculation Program, and so on.

On 18 May of 1980, our heroes at the Jiuquan Satellite Launching Center successfully launched a long-range carrier rocket into the space above the southern Pacific Ocean. In and around the same period, our heroes also succeeded in launching 11 retrievable satellites and one rocket carrying three satellites into the space. Between 1987 and 1988, along with the deepening of the reform and opening up to the outside world, our heroes at the Jiuquan Satellite Launching Center have also successfully launched two satellites into space for the foreign companies. All the satellites launched by the Jiuquan Satellite Launching Center have become an important means of obtaining information about the territorial resources. With the help of these satellites, China has been able to "understand clearly the ocean situation, the underground fault zones, and the historical sites in her archaeological studies." Now China's astronautics industry has been developed from the experimental stage into the new stage stressing practicality. Such a rapid development has brought enormous social benefits and economic results to China.

"Take delight in fighting against difficulties and hardships, die in the Gobi Desert, and be buried on the green hills." Many veteran comrades who took part in the building of the Jiuquan Satellite Launching Center in the early days have already passed away. Generation after generation of new builders have arrived at the Jiuquan Satellite Launching Center. After 30 years of hard work, our heroes have turned the Jiuquan Satellite Launching Center from the past "stony, grassless, and uninhabited" Gobi Desert into a quiet and beautiful modern astronautics industrial city which has government organs, schools, department stores, hotels, banks, and post offices. While walking on the streets of the Jiuquan Satellite Launching Center, you will never know that you are in the depth of the Gobi Desert. When seeing large stretches of tall and green white poplar trees, you will feel that the Jiuquan Satellite Launching Center is a world full of vitality and our heroes there are not only capable of launching satellites into space and retrieving satellites from space, but also capable of transforming nature.

Satellite Technology Reaches Advanced Levels
HK1310150188 Beijing ZHONGGUO XINWEN SHE
in Chinese 1020 GMT 12 Oct 88

[Report: "Photographic Technology Applied by China's Satellite 'Fengyun 1' in Producing Cloud Charts Is Among the World's Most Advanced"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 12 Oct (ZHONGGUO XINWEN SHE)—According to the Ministry of Astronautics Industry, the

clarity and resolution ratio of the cloud charts transmitted by the meteorological satellite "Fengyun 1" which is now under operation in the space has surpassed that of the Soviet Union and Japan and reached the NOAA [expansion unknown] level of the United States in the 1980's.

Launched on 7 September, China's meteorological satellite "Fengyun 1" transmitted cloud charts to the earth on the same day.

On 20 September, the satellite turned on its infra-red scanning channel which could take earth's surface pictures at night. It is capable of telemetering the earth's surface, cloud charts, ocean surface, and earth's surface temperature.

In addition to meteorology, information transmitted by the satellite is also extensively applied in aviation, navigation, communications, agriculture, forestry, fishery, port construction, and environment monitoring.

When all instruments are turned on, the satellite can also perform the functions of an ocean satellite which includes surveying ocean water color, chlorophyll, and silt content. Experts say that the new design of the satellite which has dual functions is unprecedented in the history of astronautics at home and abroad.

Weather Satellite Functioning Well
OW1410132488 Beijing XINHUA Domestic Service
in Chinese 0654 GMT 12 Oct 88

[By reporter Zhang Gaopeng and correspondent Wang Junxin]

[Text] Shanghai, 12 Oct (XINHUA)—The "Fengyun No.1" solar synchronized meteorological satellite, electric power source system for which was supplied by the Xinyu electric power source plant of the Shanghai astronautical base, had made 480 revolutions around the earth as of 1200 on 1 October. It has transmitted thousands and thousands of cloud maps to various parts of the world. According to a report by the Xian Satellite Survey and Control Center, the electric power source system on the satellite is functioning normally and well. This shows that China's astronautical electric power source technology has attained the world's advanced level.

Editorial Extols PLA Disaster Relief Efforts
HK1310084588 Beijing JIEFANGJUN BAO
in Chinese 29 Sep 88 p 1

[Editorial: "A Paean on Wholehearted Service to the People"]

[Text] Abnormal weather conditions experienced in a number of regions this year brought about numerous natural disasters and calamities. In particular, many

areas sent out for emergency assistance during the summer and fall seasons: typhoons battered Hangzhou; mud and rock flows devastated southern Gansu; vast acres of land in several provinces were submerged in floodwaters caused by torrential rains and rising water levels. Floods and fires know no mercy. The people's lives were seriously threatened, while enormous losses were inflicted on their property.

During these critical times, the people's soldiers stood by the people and struggled against the adversities alongside them. Troops stationed in the various disaster-afflicted regions lost no time in rushing to the frontlines of rescue and relief operations. "To go wherever and whenever we are needed!" It was with such determination that the officers and men braved the winds and rains, leaped into the torrents and fought valiantly along the embankments. Among them, there were those whose own families were victims of such calamities, those whose parents were lying in sickbeds at that very moment, those who received repeated pleas to go home and attend to their wedding plans, those who have already been given sick leave permits...yet to protect the people's lives and properties, they did not hesitate to join in the rescue and relief operations. As the rains poured on and the waters rushed perilously, they used their own bodies to form a green wall and, together with the people, fought back the surge of flood waters again and again. They stemmed the raging scourge. From the foot of the Xingan Mountains to the banks of the Dongting Lake, from Huanghe and Changjiang to the plains of Guangzhou and Guangxi, countless tales of selfless heroism emerged in the battles against the floods even as a paean once again immortalized such wholehearted service to the people. These deeds won the enthusiastic praise of both the government and the people: "In the efforts to protect the embankments and save the people, the PLA worked the hardest and scored the most!" "When the going gets tough, the PLA proves the toughest!" After the trials of the elements, the people once again gave high marks to the soldiers.

During the new period of socialist modernization, is it still necessary to foster the spirit of serving the people wholeheartedly? With their own actions, the rescue and relief units gave their positive answer. While the historical conditions surrounding our army and the tasks assigned to it change constantly, the nature and objectives of our army do not change. The glorious banner of serving the people continues to guide our advance. It is precisely for this reason that our army has always maintained its political distinction as a people's army and has the absolute support of the people. This, in turn, gives our army its invincible force.

Under the historical conditions dictated by the vigorous promotion of socialist commodity economy, the building of the army should conform with the needs of the times. However, this is not contradictory to the objectives of our army. The reforms and the policy of opening up to the outside world do not repudiate the idea of

serving the people; on the contrary, they have to rely on the further promotion of this idea. The greater the number of people making selfless contributions to the country and the people, the more favorable it will be for the creation of an ideal social environment necessary for reforms. Otherwise, an appropriate ideological and moral basis will be missing in the establishment of a new order for a socialist commodity economy, an omission which, in the end, could possibly jeopardize the success of reforms. Similarly, party members and revolutionary soldiers of the new period should be equipped with both an ideology of serving the people and an awareness of commodity economy. It should be realized that what separates party members and all progressive elements from the rest is not the repudiation of all material needs, but the possession of a spirit for selfless contribution to country and people. This spirit is the powerful driving force needed to ensure the success of the reforms as well as the development and progress of modern China. The New People's Army draws a clear line with all armies of the past and will always put the interest of the motherland and the people above all else. The spirit of selfless contribution to the country and people will remain a key element in forming the lofty character of a people's soldier. This has already been proven beyond doubt by the heroism demonstrated in the struggles to defend the country in the frontlines and in the rescue and relief operations carried out in the rear areas.

During the period of peaceful construction, not only should our army be a great wall of steel defending the motherland, it should also be a production force supporting the construction of the motherland as well as a shock brigade engaged in rescue and relief operations. Weather and geographical conditions in this vast land of ours being as complicated as they are, all kinds of natural disasters occur frequently. Hence, even as we undertake the overall strengthening of army building, we should also be well prepared to carry out rescue and relief operations. It is not an accident that the troops which took part in rescue and relief operations this year were able to live up to the expectations and hopes of the people and accomplish their tasks superbly. The reason they were able to meet the challenge of the critical moment is because they have been toughened up during peacetimes. The remarkable performance during the rescue and relief operations is a reflection of the accomplishments scored in the building of the army. We should conscientiously sum up the experience in rescue and relief operations, be ready at all times to handle emergency cases, and engage in selfless and valiant struggles to ensure the safety and well-being of the motherland and the people.

'Roundup' on Economic Restructuring for Decade
OW1310154188 Beijing XINHUA in English
1441 GMT 13 Oct 88

["Roundup: A Decade of Economic Restructuring"—XINHUA headline]

[Text] Beijing, October 13 (XINHUA)—China's reform has been carried out simultaneously in its urban and rural areas, and in economic and political fields for a full decade now.

Experience has proved that integration of economic restructuring and political reform can help to create a better mutual adaptation of superstructure and economic base, according to China's leading economists.

And the simultaneous development of urban and rural reforms have helped promote the co-ordinated development of the urban and rural economies.

China began to restructure its economy with the reforms in the countryside in 1978 and soon achieved significant success, which not only laid a solid material foundation for urban reforms but also set a successful example for the urban areas.

However, as China's economy is still obviously restricted by its agricultural resources in the overall point of view, the urban reforms and economic development have always been influenced greatly by the shortage of agricultural products and price rises.

From 1978 to spring 1985, China's countryside adopted mainly three policies in the first phase of the reform: The household contract responsibility system was instituted among 98 percent of farming households, separating the right of ownership and management; township administrative organizations replaced the people's commune system, which had long hindered the development of productive force; the purchase price of agricultural products was raised by a large margin.

Meanwhile, measures were taken as part of the urban economic reforms to match the rural reforms, i.e. expanding the decisionmaking power of enterprises, conducting experiments in divorcing the administration from enterprise management and relegating enterprise management right from the central government to municipalities; economic restructuring in some cities; making primary reforms in the systems of planning, finance, materials and foreign trade; and, in certain areas, promoting a new system of the management of cities over counties.

From 1985, China's countryside began its second-phase reform with the stress on adjusting the mix of industries and promote rural commercial economy. The main measures are: the state planned contract replaced the state monopoly for purchase of agricultural and sideline products, thus primarily basing the relations between the state and the farmers on exchange of commodities; taxation in cash replaced the traditional taxation in kind; the state lifted the control on the prices of all agricultural products, excluding those for grain and edible oil, for township and city residents, while giving subsidies to the residents.

These measures improved the relations between the state and farmers, stepped up the development of rural productive force, and quickened the urbanization and industrialization of the countryside. After years of effort, the township gross output value in 1987 reached 475.6

billion yuan, up 71.9 percent over 1985, surpassing the gross output value of agriculture for the first time. At the same time, the gross output value of agriculture has grown at an annual rate of 14.4 percent in the past 10 years.

The general urban economic restructuring, simultaneous with the second-phase rural reforms, made progress in reform of the price and wage systems. Over the past three years, three forms of prices, i.e. fixed price, floating price and market price, have replaced the traditional universal fixed price; in terms of wage systems, the state bodies and institutions abandoned the hierarchical system, while enterprises abandoned the fixed wage form and started to link the workers' payment to economic results of the enterprises and individual contributions.

Some measures have been taken in political restructuring to match the deepening and healthy development of rural and urban economic restructuring.

The divorcing of party leadership from administration and the divorcing of the government from enterprises has picked up speed in the past two years; the structural reform of the State Council, China's highest governing body, is being completed; 16 medium-sized cities are conducting tests of structural reforms. The State Council and local governments at all levels have taken a package of measures to overcome bureaucracy and corruption and set up honest and efficient government, thus creating conditions for the deepening of the economic restructuring.

Data on Balance of International Payments

HK1310122888 Beijing RENMIN RIBAO in Chinese
10 Oct 88 p 2

[Report: "People's Bank of China Releases Data on Balance of International Payments"]

[Text] Our reporters have learned from the People's Bank of China that after the occurrence of deficits in China's balance of international payments over the past 2 consecutive years, in 1987 there was a favorable balance. Last year, China's gross income in its international balance of payments was \$59.7 billion, and its gross expense was \$54.85 billion with a surplus of \$4.85 billion.

According to official data issued by the People's Bank of China, China's foreign trade situation was good. Export volume in 1987 was \$34.73 billion, an increase of 34.9 percent over same period in 1986. Import volume was \$36.4 billion, an increase of 4.3 percent. The unfavorable balance of imports over exports was \$1.66 billion, \$7.48 billion less than 1986. The main reasons contributing to the increase in exports were: The reevaluation of some currencies such as the Japanese yen, Deutsche mark, Korean hwan, and so on, and the depreciation of the greenback enhanced the competitiveness of China's

export commodities on the international market. China's income in foreign exchange increased by \$1.08 billion over 1986 due to the increase of oil prices on the international market. Besides, the implementation of the relevant policies of the state aroused the enthusiasm of various quarters in promoting their exports.

As far as nontrade earnings were concerned, the incomes in 1987 were \$5.41 billion, an increase of 9.8 percent over 1986. Income from international tourism increased by \$320 million, and income from freight charges in foreign trade increase by \$200 million. The surplus in nontrade income for the whole year was \$1.74 billion. In addition, in 1987 China accepted unilateral transfer gratis in the sum of \$390 million. It also transferred funds to foreign countries in the sum of \$170 million. The surplus was \$220 million.

The data issued by the bank also shows that in 1987 China increased various kinds of dealings in terms of capital with foreign countries. The capital inflow for the whole year was \$19.17 billion, \$1.57 billion less than 1986. Capital outflow was \$13.16 billion, \$1.63 billion less than 1986. In the net capita inflow of \$6 billion, long-term capital accounted for 96.5 percent. This showed that the ratio between our long-term and short-term debts has become increasingly rational.

In 1987, China's reserve assets were \$4.85 billion more than 1986. At the end of 1987, foreign exchange reserve reached \$15.23 billion.

Foreign Exchange Problem for Joint Ventures
HK1410101588 Beijing CHINA DAILY in English
14 Oct 88 p 2

[By staff reporter]

[Text] Joint ventures in China are profitable to their foreign investors only if they earn foreign exchange currency. Foreign business executives at a recent seminar in Beijing agreed that the difficulty of securing such a foreign exchange balance is the major problem facing joint ventures in this country.

China's former state councillor in charge of foreign trade said, "We may try to gain a comprehensive balance of foreign currency. If one joint-venture cannot achieve a foreign currency balance, we will have another one use its foreign currency surplus to subsidize the first."

Gu Mu, who is now the vice-chairman of the Chinese People's Political Consultative Conference, told the group on Wednesday that the only shortcoming of this seminar was that all reports were made by Chinese officials and that foreign businessmen had little opportunity to offer their view or suggestions on China's foreign trade.

"We value foreign businessmen's proposals very much, especially on how China absorbs foreign investment," he said.

In the first half of this year, foreign-invested enterprises exported \$570 million worth of products, up 133 percent over the same 1987 period.

Possibility of Disturbances Over Economy Refuted
HK1410094788 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0901 GMT 13 Oct 88

[Article By Yi Lan (0122 5663): "Will There Be Disturbances on the Mainland"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 13 Oct (ZHONGGUO TONGXUN SHE)—Recently, there have been demonstrations and disturbances in Burma, Chile, and two republics in the southwestern and northwestern parts of the USSR. So far, quite a number of people have been killed in these demonstrations and disturbances.

In my view, all these disturbances are the natural result of the following three problems: The problem of inflation and price hikes; the problem of corruption on the part of the ruling class; and problems among various nationalities. All three problems now exist on the Chinese mainland, in varying degrees. Some of them, such as the problem of price hikes and the problem of official profiteering, are even more serious on the Chinese mainland and have already caused widespread discontent among the ordinary Chinese people. Since there have been disturbances in a number of countries in the world over the past few months, people now wonder: Will there be similar disturbances on the Chinese mainland in the near future?

In my view, at present, there are two possibilities: If the newly started campaign aimed at improving the economic environment can be earnestly carried out and inflation and "official profiteering" can be effectively brought to an end, the possibility of a disturbance will certainly be diminished. However, on the other hand, if the campaign aimed at improving the economic environment fails to achieve the desired results, then it would be difficult for us to tell what will happen to the Chinese mainland in the future.

It is true that the present situation of China is, as Deng Xiaoping has said, very "risky." As early as 19 May of this year, when the price reform was just started, Deng Xiaoping told his North Korean guests: "Every forward step taken in the price reform will certainly involve a lot of risks." Five days later, Deng Xiaoping again stressed the risks involved in the process of the price reform during his talks with a group of American bankers. On 3 June of this year, Deng Xiaoping once again mentioned the risks involved in the process of the price reform. After saying that he was optimistic and confident about

the success of the price reform, Deng Xiaoping added: "We must concentrate our work on overcoming the big risks involved in the process of the price reform and must work out corresponding countermeasures so that no matter how big the risks are, the sky will not fall down."

The big risks mentioned by Deng Xiaoping have already been felt on the Chinese mainland. The "countermeasures" mentioned by Deng Xiaoping, in my view, are probably the arrangements for future work contained in the resolution adopted by the 3d Plenary Session of the 13th CPC Central Committee. However, apart from the decision on not introducing any more new measures of the price reform for the time being, the resolution of the 3d Plenary Session of the 13th CPC Central Committee has provided nothing new except a call for "tightening control on the scale of capital construction," "curtailing group consumption," "reducing the issue of currency," and so on. Such a call is not a new one as in the past, every plenary session of the CPC Central Committee would issue the same call, which would then only be perfunctorily and superficially carried out.

It can be said that in order to stabilize the popular feelings and overcome the present risks, the pressing matter of the moment is not to work out more countermeasures, but to implement to the letter every existing countermeasure and to be determined to implement all the existing countermeasures. For example, every year, the CPC Central Committee calls for "curtailing the scale of capital construction," but the scale of capital construction still keeps on expanding. Therefore, a series of effective measure must be taken so as to reduce the scale of capital construction. In cracking down on the phenomenon of "official profiteering," the central authorities should act without fearing the pain in so doing. In a word, only by achieving some notable successes in tackling these outstanding problems in the near future will the central authorities be able to strengthen people's confidence. Even if the central authorities cannot solve all these prolonged outstanding problems at one stroke, so long as the central authorities can prove with fresh facts that the central authorities are "siding with" the people in checking inflation and cracking down on "official profiteering," the popular feelings on the Chinese mainland will certainly be stabilized and the possibility of a disturbance will really be diminished.

Five Means To Promote 'Macrocontrol' Discussed
HK1310093788 Beijing RENMIN RIBAO
in Chinese 7 Oct 88 p 2

[Article by Wen Niu (2429 3662): "Work Along Five Lines"]

[Text] There is no denying the fact that confusion is found in China's economic activities at present. The chaos is very serious in some fields, in intermediate sectors in particular. Confusion to a degree is not totally avoidable at a time when the product economy is giving

way to the commodity economy, that is, when a new system is replacing the old. However, the confusion should not be regarded with equanimity and left unchecked for this reason. On the contrary, it is just for this reason that we should make great efforts to check it in time, preventing it from doing damage to our important tasks—reform and opening up to the outside world.

The important way to eliminate the confusion is to improve and strengthen macrocontrol, making it more effective.

There are five means by which to exercise macrocontrol: Economic means, legal means, administrative means, disciplinary means, and political and ideological work.

Since we introduced reform, we have made a point that macrocontrol is exercised through economic means, and we have regarded it as one of the important tasks of reform. This is undoubtedly necessary and correct. If we still resort to administrative measures to conduct economic construction, how can "the market play its role in regulating prices" and how can China's economy be transformed into one in which "the state regulates the market, and let the market guide the enterprise?" The current policy of improving the economic environment and rectifying the economic order, instead of weakening the economic means, is, in a sense, designed to strengthen the role of the economic means, and remove obstruction to ensure that the economic means plays its normal role, so that we can achieve our desired goal.

But stressing economic means does not in the least suggest that we can discard other important means such as legal means, administrative means, disciplinary means, and ideological and political work. Even in a country with a developed market economy, the government exercises macrocontrol by means of administrative measures, to say nothing of China, where a new order of commodity economy is far from being established and perfect.

The past few years have witnessed overextension in construction and overexpansion of consumption funds in China, and these malpractices have defied repeated attempts to rectify them. All this indicates that though we have made much headway in reform over the past 10 years, the chronic malady of the old economic system remains uncured, and a new economic mechanism has not been formed and does not play a key role. The economy in "transition form", which is found when a new economic system is replacing the old, inevitably weakens or even distorts the role of economic means to a great extent. For an economy which fails to exercise self-control, more "external" administrative, legal, and disciplinary measures are needed for control and regulation.

Given the present enterprise mechanism, it is also difficult to regulate the enterprise through economic means. If you apply economic means in punishing an enterprise

for its malpractices, the director and the manager will not give a fig because the enterprise is state property, and it is the enterprise not the individual that will suffer if punishments are meted out. If administrative, disciplinary, or even legal means are employed, things will be different. Directors or managers are more afraid of punishments, removal from their posts, and legal sanction.

Again, price means is part and parcel of economic means, yet the current price system is irrational, and rationalizing it is not a matter of days. The inherent flaws of the economic means will surely affect its normal role.

All this suggests that in the process by which a new system is replacing the old, and in our work of improving the economic environment and rectifying the economic order, we must learn to apply various macrocontrol means. We must learn how to employ economic means and legal means, and should not cast away administrative means, disciplinary means, and ideological and political work. We must work along five lines. Of course, we should not cut out one means from the others, and should apply them as an organic whole. At present, we should uphold reform and the open policy, and encourage all kinds of exploration with regard to reform. At the same time we should lay stress on disciplinary means in light of existing circumstances. We should also emphasize the centralized unity and the necessity of taking the overall interests into account when making decisions on major issues which have a bearing on the overall situation. We should also stress the necessity of vindicating the authority of the central government, prompting execution of orders and compliance with prohibitions. Naturally we should do a good job in coordinating interests of various sectors by making the best use of economic means.

LIAOWANG Commentator on Prices, Economy
HK1210083888 Beijing LIAOWANG in Chinese No 39
26 Sep 88 pp 3, 7

[Commentator's article: "Enlightenment Gained in August"]

[Text] The wave of panic purchases stirred up in many cities throughout the country in August this year was followed by a run on the banks. The matter also became a popular topic of conversation. The State Council immediately promulgated a 6-point decision on doing a good job in price work and stabilizing the market. As the measures were effective, the tumult has subsided. Following the tumult, people gained a good deal of enlightenment from self-examination: Economic structural reform requires a good environment.

China's economic structural reform has entered a critical stage and is now faced with barriers like price and wage reforms. To ensure the smooth progress of reform, it is necessary to earnestly adopt forceful measures, improve

the economic environment, and rectify the economic order. The work in this regard constitutes the necessary conditions as well as the steps and contents of deepening reform. In other words, we should improve the economic environment and carry out reform simultaneously.

The reason for the wave of panic purchases stirred up in August is rather complicated. It was mainly due to inflation caused by excessive investment and consumption. This excessive investment and consumption has led to a grave imbalance in which general demand outstrips general supply. For this reason, to improve the economic environment, the most important thing is to check inflation and diminish the excessive social demand so that reform can proceed in a spacious and steady environment.

Inflation should be checked by adopting overall means such as: Curtailing the scale of capital construction and suspending the construction of a number of buildings, halls, guesthouses, and hotels; keeping group purchases within control; readjusting interest rates, offering bank savings as a hedge against inflation, and stabilizing finance; and strengthening management and supervision over the market and properly organizing market supply. These measures have been introduced one after another. We should now carry out our word to fruition.

There is another essential reason for the panic purchases in August: Some departments, regions, and units adopted the mistaken attitude of each going its own way in regard to the state's important policy decisions and in major economic activities. They refused to enforce orders and prohibitions, violated discipline, and unscrupulously infringed upon the interests of the state and the people for the sake of their selfish benefits. Some regions blockaded each other or launched "wars" between themselves which "clogged" the circulation channels and intensified the contradiction and conflicts. To rectify the order, it is necessary to strengthen macrocontrol. While applying economic means, it is necessary to apply legal and necessary administrative means to correctly guide and restrain the activities of all localities and enterprises such as straightening out and consolidating the companies where administrative and enterprise functions blend; punishing according to the law, bureaucratic speculators and those who violate pricing discipline and disrupt the market; enforcing state laws and party discipline; sternly punishing corruption and bribery; and keeping government organs clean.

In recent years the central authorities have duly delegated powers to the localities, which gradually changed the situation of overcentralization of powers and aroused the initiative of the localities. As a requirement for reform, this is absolutely necessary. However, delegation of power is not tantamount to wilful expansion of departmental interests. There should be a rule in delegating powers, that is, enterprises and units should not infringe upon the interests of the state as a whole and never forget the overall situation.

An unhealthy trend of competition prevails at present. In spite of the overall conditions and possibilities, some localities have vied with each other in the scale of capital construction, the growth in output value, and the wages and welfare benefits increased within one's term of office. This has resulted in an overheated economy and price hikes. The negative role of this abnormal phenomenon should not be underestimated.

To check inflation, stabilize the market, and maintain a balance of general supply and demand, the only way out is to diminish demand and increase supply. If diminishing demand can only bring about a temporary solution, developing production and creating more social wealth to increase supply will be of decisive significance. In increasing supply and diminishing demand, it is necessary to accelerate and deepen enterprise reform, reorganize the essential production factors through reform, and arouse the initiative of enterprises and workers. Hence, the key to the success or failure of economic structural reform as a whole lies in deepening enterprise reform and increasing the economic efficiency of enterprises enormously.

Some people have sighed over the "August tumult": "Reform over the past 10 years has produced an increasing number of problems." We should make a practical analysis of this question.

This year marks the 10th anniversary of China's economic structural reform which started after the 3d Plenary Session of the 11th CPC Central Committee held in December 1978. Has our economy developed or stagnated over these 10 years?

China's economic strength has been enhanced. Its GNP increased from 348.2 billion yuan in 1978 to 1,092 billion yuan in 1987, a 123 percent increase calculated according to fixed prices. We resolved the question of feeding and clothing the people of the whole country 2 years ahead of schedule. Moreover, food, clothing, shelter, and transportation of the urban and rural inhabitants have improved by varying degrees.

Thanks to the implementation and perfection of the contracted responsibility system and to the controls on the prices of farm produce lifted by the state, the reform first introduced in rural areas enormously aroused the enthusiasm of the peasants; extricated the rural economy from its predicament; and thus presented a new scene of all-around development. The output of major farm produce including grain, cotton, and edible oil increased by a wide margin. The development of agriculture promoted the development of the second and tertiary industries in the rural areas. As a result, the output value of rural industry, building trade, transportation, commerce, and other nonagricultural industries outstripped agriculture for the first time in 1987. This is a major transformation of the rural production setup which should be recorded in the history of China.

The country's industrial production also reached a new height. Calculated according to fixed prices, the 1987 total industrial output value increased by 174 percent over 1978.

Profound historical changes have also taken place in the political, social, ideological, and theoretical fields, moral values, and the concept of value.

The all-around development of the national economy and the changes in ideological concepts constitute the foothold of reform which has entered a crucial period. Without the reform introduced 10 years ago, there would be no deepening of reform in the years ahead. When we are worried about the current price hikes, inflation, and corrupt practices, we should also be aware that economic development brought by reform is the springboard for us to advance continuously.

The problem of prices lying ahead is a difficulty that cropped up under the situation of the sustained development of the national economy over the past 10 years, it is unavoidable in the shift from the old to a new system. During the "Great Leap Forward" which lasted 3 years, the government made a decision on maintaining the prices of 18 kinds of commodities. However, with a supply of only 2 liang of pork a month and 6 chi of cotton cloth a year, the urban inhabitants did not have enough to eat or wear. As the prices were frozen and production stagnated during the decade-long "Great Cultural Revolution," there was a serious shortage of materials and almost all daily necessities were rationed. Compared with the "stability" on those two occasions, the situation today has advanced, not regressed. In the final analysis, we can only rely on deepening reform to straighten out the irrational price relations left over from history and the prices distorted by the implementation of the "two-tier system."

The "August tumult" is a warning which teaches us: There are indeed difficulties ahead in reform. However, the problem lies in dealing with the difficulties seriously. As the ancient saying goes, "If you deal with a job lightly, you will encounter difficulties; if you deal with it from a difficult point of view, you will easily overcome the difficulties." So long as the people throughout the country carry forward the fine tradition, keep in step, face the difficulties, and make concerted efforts, we will certainly be able to overcome the difficulties.

RENMIN RIBAO Views Price Reform
HK1410075588 Beijing RENMIN RIBAO in Chinese
10 Oct 88 p 5

[Article by Hou Ruoshi (0186 5387 4258): "China's Price Reform as Viewed From Foreign Experience"]

[Text] At present, there is much debate on how to implement price reform, and how to view the influences of inflation on economic development and price reform. In view of China's present situation, price reform must

be implemented. The irrational price structure situation should be changed, and relative stability in commodity prices should be maintained so that inflation can be avoided. This article tries to draw lessons from foreign experience, and to explore the question of suppressing inflation in the process of correcting distorted prices.

The Distorted Price Concept Should Be Distinguished From the Inflation Concept [subhead]

In studying questions concerning price reform, a clear distinction should first be drawn between two basic concepts. The first is that of relative price structure. That is, the relative price between different types of commodity, labor service, and means of production. Irrational price structure is also called price distortion. For instance, the scissors gap between the price of agricultural and industrial products in China. The other concept is the general price level. That is, the difference between the general price level in one period and that in another, and in the main it is measured by the general consumption price level. The general consumption price level is an indicator in measuring inflation. These two are related to each other and distorted prices can lead to inflation. A typical example is: The increase in world oil and grain prices in the mid 1970's led to worldwide inflation. Inflation can also lead to price distortion. For example the vicious inflation in some Latin American countries caused a situation under which the price in trade departments was very much higher than that in nontrade departments. These two types of situation have existed in China in varying degrees.

Inflation Is Not an Inevitable Phenomenon in Economic Development [subhead]

Comprehensively viewing the economic development process in developing countries and areas since the Second World War, we found that: Economic growth rate was fast; industrial structure was rapidly upgraded; economic returns were high; marcoeconomy was stable; and their inflation rate in general was low.

The 1960's was a period during which some developing countries achieved rapid economic development. Only 11 out of 92 developing countries and areas had a double-digit inflation rate, and some 70 had an inflation rate of less than 4 percent. The inflation rate in several Asian Pacific countries and areas, which had made outstanding economic development achievements, was very low. For instance, the inflation rate in Singapore was 1.1 percent, Hong Kong 2.3 percent, Thailand 4.1 percent, Taiwan 4.1 percent, and so on. On entering the 1980's, despite many disadvantageous factors such as increases in export prices for products from developed countries, and the emergence of increases of great magnitude in international financial markets' interest rates, 40 out of 96 developing countries and areas still maintained single-digit inflation rates. The inflation rates in

Singapore, Hong Kong, South Korea, and Thailand, all of which have achieved good results in their export-oriented economy, were even lower.

Since the mid-1970's, inflation has become common in developing countries. The reason was due to two tremendous increases in the world oil prices. However, some countries still maintained relatively stable prices. For instance, even though they are net oil-importers, from 1970 to 1981 Singapore's inflation rate was only 5.2 percent, and Thailand's was 10 percent. At the same time, the inflation rates in some Latin American countries remained high and did not fall. These countries have huge amounts of foreign debt; their economic growth has been stagnant for many years, and has even declined; their per-capita income has diminished; their production facilities have been seriously under-used; and their labor productivity declined. As a result, their competitive export capability has been weakened. Inflation has made them pay a high price.

Price Reform Is Not Just Relaxing Price Control [subhead]

Some time ago, some comrades believed: "When price control is relaxed, prices will rise; when prices rise, supply will increase; when supply increases, prices will become stable; when prices become stable, prices will fall." They considered this an expression of the law of value. They think that once price control is relaxed, price problems could be easily solved. In fact, price reform is far more complicated than just relaxing price control. Foreign experience clearly illustrates that without coordination with other economic conditions, a mere relaxation of price control cannot solve the price distortion problem but will induce inflation.

Some developing countries have also implemented price reform. However, because price control was relaxed at an excessively rapid rate, the progress was not divided into stages. Governments lacked the essential management and inflation was seriously worsened. In the mid-1970's, three Latin American countries—Argentina, Chile, and Uruguay—implemented price reform, and the controls on commodity prices, labor service prices, and interest rates were relaxed in an all-round manner. The result was that the consumption price increase rate was very much higher than before the reform. Their lessons illustrated that:

First, when market development is not yet mature, it is unsuitable to adopt liberalization of commodity prices and the financial markets at the same time. The practice of liberalizing commodity prices itself has the capability of stimulating price increases. If financial market liberalization is implemented at the same time as the liberalization of commodity prices, the pressure from increased interest rates will combine with that from commodity price increases. As a result, the prices of commodities and the prices of the means of production will increase in an alternating manner, and they will stimulate increases

in each other. Finally, inflation will result. At this time, even when the government stabilizes prices, no effective results would be achieved. The Argentine Government's failure to freeze prices after price reform is an example of this.

Second, the imbalance in the macroeconomy will directly affect the results of reform. When the reform is implemented, a high inflation rate will coexist with a high financial deficit, and an excessive inflow of foreign funds will result. Theoretically speaking, foreign funds can fill the gap in funds insufficiency. However, when viewed from the reality, this method is not suitable for use under the situation of macroeconomic imbalance. The three Latin American countries implemented price reform, which relaxed the control on prices, under the conditions of a high inflation rate and a high financial deficit. As a result, the imbalance between aggregate demand and aggregate supply was worsened.

Third, the government should not give up the essential management over enterprise behavior. After the reform, industrial and commercial enterprises can make use of the differences between domestic and foreign prices to conduct speculative reselling activities; and financial enterprises can also make use of the differences between domestic and foreign interest rates to conduct speculative financial activities. As a result, prices would be stimulated to increase. In these countries, the governments let matters drift, and did not even carry out audits. As a consequence, some large banks and enterprises did not even publish their accounts.

Revelations Drawn From Foreign Experience in China's Price Reform [subhead]

In view of foreign experiences and lessons, China's price reform should specially define the necessity to stabilize inflation in the process of correcting distorted prices. Spiral price increases should also be prevented. In order to attract foreign funds, expand exports, and reform the enterprise management system, relatively stable prices are required. We should realize that price reform is not just simply a question of relaxing price controls. We should take into consideration factors that affect the role played by prices in economic operations, and we should understand the complexities of the law of value's role.

First, a stable macroeconomic environment should be created for price reform. In the short term we can consider referring to Brazil and Argentina's stabilizing plan, which is to strictly tighten financial expenses, control consumption, and to resolutely reduce growth in issuing money.

Second, relaxing price control does not equate to development of the market mechanism. When price control is relaxed where the market for the means of production is not developed, the market will be disturbed. The reason why China cannot achieve the prediction in the phrase—"once price increases, the supply will increase"—is

mainly due to a lack of smoothness in mobilizing the means of production, and this is due to under-development of the labor force and funds markets. At present, due to the commodity market being divided by local areas' administrative means, the commodity market cannot be unified, and the practice of relaxing price control cannot play its role in stimulating production. Therefore, we cannot over-emphasize that only by relaxing price control can market mechanism be perfected. What we can do is to gradually relax price control in the process of market development. This will be a long-term process.

Third, the prices of major means of production and means of livelihood should continue to be regulated and controlled [tiao kong 6148 2235] by the government. Of course, an increased number of administrative means should be replaced by economic means. For unreasonable price increases, a punishment of only fines is not sufficient; a surtax on increased prices should be collected to transform the advantages of price increases into financial income. For measuring whether or not an increase in price is reasonable, a system of "shadow prices" should be established. This is the policy price system put forward by some comrades.

Fourth, the policy of determining wages by indexation methods should not be adopted. When unreasonable price increases in some enterprises lead to excessively high incomes for staff and workers, and excessive high intermediate fees are incurred in the circulation realm, indexation will further intensify the irrational distribution of incomes problem, and will further promote inflation.

Capital Construction Reduction Deemed 'Impossible'
HK1310100788 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 40 3 Oct 88
pp 12, 13

[Article by Wu Ming (0702 2494): "Why It Is Impossible To Reduce the Size of Capital Construction in China"]

[Text] Today, China is just like one big construction site. Everywhere we can see lofty cranes, encircled vacant lots, big holes dug not long ago, and skyscrapers with scaffolds. At night, we can hear the sounds of steam hammers, whistles, electric saws and motors. Some people said that China is now at a time when "everything left in abeyance is waiting to be attended to." Nevertheless, how much strength does it possess to carry out economic construction? Can we expect "everything left in abeyance" to be attended to soon? When will the craze for expansion in capital construction end? It seems that these problems are not complicated, but they are hindering China's development and reforms.

Since the beginning of this year, the scale of capital construction has been put slightly under control. From January to July, investment in capital construction in the

whole country was over 7 billion yuan, an increase of 14.1 percent compared with the same period last year, which was lower than the increase of 18.1 percent last year.

However, newly-started projects and nonproductive projects are still greatly increasing. If they are not strictly controlled, the reforms will face adverse circumstances. Insoluble Old Problems [subhead]

According to the report of the State Statistical Bureau, this year it was stipulated by the state: Except for projects for the construction of infrastructure such as electricity, coal and transport, and projects for which contracts have been formally signed, other projects are, in principle, not allowed to start. This policy is quite stringent. However, another 11,792 projects started construction from January to July, half of them being non-productive projects. A report of the State Planning Commission shows that there were 1,832 newly-started capital construction projects in the first quarter of this year. After deducting errors such as statistical errors, we can easily discover by comparing the two figures that most of the newly-started projects sprang up in the past 3 months like "bamboo shoots after a spring rain."

On 16 June, the State Council issued to all localities a "Notice of the State Council Concerning the Checking up on Projects for the Construction of Office Buildings, Halls, Hotels and Guesthouses." As a result, a total of 423 capital construction projects with a total investment amounting to 21.7 billion yuan were checked on. This time only large projects were checked on. A great many medium and small projects were not included. At the end of this action, a relevant person of the State Planning Commission told the reporters their worries: In the end they will find it a mere formality. Capital construction will expand again after the control."

Although the scale of fixed assets investment has, to a certain extent, been put under control and the structure of investment has been improved since the beginning of this year, old problems, including the excessive growth of non-productive projects, and prosperous processing industrial investment but poor basic industrial growth, have not been really solved.

An Important Source of Craze—"Political Fervor" [subhead]

At an executive meeting of the State Council, Premier Li Peng said that projects which obtain approval on informal notes will no longer be approved in future. This shows that the central government is determined to cool down the investment craze. However, this reporter find that people concerned are not confident in this policy, because for nearly 10 years the craze for capital construction has not been cooled down but rather intensified. So who can guarantee that there will not be any "craze" in the future?

Behind the craze for capital construction, there are different waves of complicated "fervor" pushing forward wave after wave the craze for capital construction.

Yu Zuyao, Deputy Director of the Economics Institute of the Academy of Social Sciences of China, told the reporter: The extremely "tense" economic situation we are facing today is in a sense a result of the "quadruplication" strategy formulated ten years ago. At that time, the state was declaring that "if we are backward we will become vulnerable," and so this goal was very political. It caused a strong "political fervor": The central authorities proposed quadruplication, the localities tried to multiply their work eight-fold or even sixteen-fold. In specific projects, short-term projects and projects obtaining rapid increase in profits were highly emphasized, and so the structure of investment in capital construction became imbalanced, and the processing industry grew while basic industries were not safeguarded.

People Continue Projects With Different Methods [subhead]

If we say that the whole country was filled with fervor when the "quadruplication" slogan was raised, this fervor began to turn into real actions soon afterwards. All levels of "local officials" were eager to acquire and carefully protect the interest of their own unit, department or region. This was especially the case when the state practiced the system under which the factory director assumed full responsibility to achieve certain goals during his term of office, and different levels maintained separate accounts, but at that time the state did not have perfect methods of economic control, and therefore the scale of capital construction became more and more imbalanced.

The state does have control and issues different orders, but the responsible persons of every project find out different ways to make their actions both rational and legal.

During our interview, Xu Liping, deputy director of the Capital Construction Auditing Bureau of the Auditing Administration, said that all projects, no matter whether they were rational or not, had obtained "informal notes" or "written instructions." The difference was the different backing of these projects. These "informal notes" or "written instructions" became powerful "shelters." Projects that were included in the plans, even if their budgets exceeded the budgetary estimates or their closing balances exceeded the budgets, could proceed without any hindrance; while projects not included in the plans could also start construction. As a result, projects were started one after another, causing the continuous expansion of capital construction not included in the plans.

Since the end of 1986, the State Auditing Administration has conducted auditing on 18 office buildings, halls, hotels and guesthouses of the central authorities and Beijing, and discovered that most of the projects could be carried out because certain practices against the regulations of the state have been employed.

For example, the government has prohibited central projects from becoming local projects. However, the Ministry of Metallurgical Industry and Haidian District in Beijing City jointly constructed a guesthouse, for which the locality provided land and the central authority supplied capital, with each of them responsible for half of the fixed assets. After 15 years, the guesthouse will be solely operated by Haidian District.

Also, under the regulations of the state, capital construction of collective enterprises is under the control of the guiding plans. So some state-owned units applied for the construction of capital construction projects in the name of collectives. The Lianhua Hotel built by the Ministry of Railway applied for construction in the name of a labor service company with the excuse that they were to build a guesthouse for laborers from abroad. In fact, the Ministry of Railway already has another guesthouse of the same type. The hotel was confiscated by the state recently.

Diverting funds is another "brilliant idea" created by those who are enthusiastic in capital construction. The Ministry of Finance diverted the funds earmarked for trial-production of new products to construct buildings; and the Ministry of Foreign Relations and Trade diverted the trade revolving fund to establish a transport company and a chemical company.

To exceed the original standard in construction is also another countermeasure to central policies. The Agricultural Bank of China constructed an office building at Gongzhu Fen in Beijing. Originally the state allotted 19,000 square metres, but now a total of 60,000 square metres of land was used to construct the office building, sharing 30,000 square metres each with Beijing City.

If there is no bribery or corruption, and no personal interest is involved, it should not be a big problem if people try every means to start projects and construct buildings. This is what people think in regard to many projects. However, they do not know that the interest of the state will be corroded by such collective, local and regional interests.

China Is Determined To Control the Scale of Capital Construction [subhead]

To create a more relaxed environment for reform, people concerned think that strong measures must be adopted to control the expansion of capital construction.

It is said that the State Planning Commission has listed all the projects for investigation, and is determined to stop and delay a number of capital construction projects.

Special attention will be paid to rectifying the behavior of banks this time. Experts think that the credit investment of banks is the major force promoting the rapid growth of extrabudgetary investment. During the Sixth 5-Year Plan of the state, the annual average growth rate of local credit investment was 27.4 percent, while that of the past 2 years were 16.2 and 25.2 percent respectively. Therefore, the behavior of banks will be a major aspect of control over extrabudgetary investment.

Irrational and impractical policies and management methods will be adjusted during this checking up period. For example, investment in office buildings, halls, hotels and guesthouses will be strictly controlled. However, it is stipulated by the state's "Construction Tax Law" that such kinds of buildings can still be constructed if a construction tax of 30 percent of the construction cost is paid. So there is a serious "clash" between government policies.

Nuclear Power Development Symposium Ends 13 Oct

Increased Usage Urged
OW1410040188 Beijing XINHUA in English
1546 GMT 13 Oct 88

[Text] Beijing, October 13 (XINHUA)—China should switch from coal, the predominant source of energy, to using more nuclear power, said Shi Dazhen, vice-minister of China's energy industry, at a nuclear seminar which closed here today.

This is particularly urgent in east China which is short of coal and water resources, he said.

Shi, who is in charge of thermal power production in the ministry, said coal has accounted for about 70 percent of China's energy sources since 1949. It will continue to remain the most important energy source since it is abundant and easy to develop, Shi said.

But, he pointed out, the continuous rapid industrial development in the past few years has aggravated power shortages. Problems such as transport and pollution have "forced us to reconsider our original ideas," he said.

He noted that, if the ministry adheres to existing plans, China will produce 1.4 billion tons of coal by 2000, of which 40-50 percent will be used for power and one-third of it will be transported to southeast and northeast China.

"The severe pollution which would be caused is unimaginable, let alone the transport problems," he said. "We have to develop nuclear power."

Existing conditions make this possible. Eastern European countries have offered to provide China with nuclear power equipment as part of barter deals and loans on favourable terms. The United States has expressed willingness to sell existing nuclear power plant equipment at reasonable prices. And France and the Federal Republic of Germany have both expressed readiness to transfer nuclear technology.

Relying mainly on China's own efforts and cooperating with foreign countries is the best and quickest way for the country to develop its own nuclear industry, he said. The right technology and equipment should be imported this century to lay the basis for the industry in the next century.

Number of Plants Reevaluated

HK1410102188 Beijing CHINA DAILY in English
14 Oct 88 p 1

[By staff reporter Xu Yuanchao]

[Text] Chinese nuclear energy experts say the country will have the means to build nuclear plants with the capacity to produce at least 4,500 megawatts of power by the year 2000.

Ninety-two experts attended a national symposium on the development of nuclear power in the 1990s, which ended in Beijing yesterday.

The total capacity will include the 1,800-megawatt nuclear power plant at Daya Bay in Guangdong Province and the 300-megawatt plant at Qinshan, Zhejiang Province. There are plans to expand the Qinshan project by adding four 600-megawatt nuclear reactors so that it will eventually have a total capacity of 2,700 megawatts.

The latest target is lower than a previous one to try to build and install nuclear plants with a total capacity of 10,000 megawatts by the turn of the century.

After detailed research, experts agreed that it would be more practical to lower their sights.

Delegates from coastal provinces—where there is an acute shortage of electricity—urged that more nuclear plants be built and total capacity increased to 6,500 megawatts by the year 2000. They also wanted another 6,000 megawatts of power within the first few years of the 21st century, which would have meant work starting immediately on a third 2,000-megawatt power plant in northeast China's Liaoning Province.

Other delegates called on the central government to set up a special fund to finance the building of nuclear power plants.

The proposals will be submitted to the Ministry of Energy for consideration.

The symposium was organized by the Ministry of Energy—the leading group in the nuclear power industry and the highest decision-making body under the State Council—and the China Nuclear Industry Corporation.

Transport Experts Suggest Improvement Measures OW1310121688 Beijing XINHUA in English 0651 GMT 12 Oct 88

[Text] Beijing, October 12 (XINHUA)—More investment, reform of the transport investment structure and higher transport prices are the measures outlined by some of China's leading transport experts to ease the growing transport strains.

In a proposal on speeding up China's transport growth, they described the country's current transport situation as "all-round strains," the "GUANGMING DAILY" reported.

The loads on the country's railways, highways, civil aviation and waterways have long exceeded their capacities, agreed the 300 experts organized by the China Science and Technology Association to study policies for the development of China's transport.

"Transport has become the weakest link in China's national economy, impeding the growth of its productive forces and causing enormous financial losses and resentment among the people," they said.

They called for increased investment in the transport sector as a fundamental way to solve the problem.

The transport sector accounts for only 14 percent of China's capital construction investment, compared with 20-28 percent in other developing countries.

The experts appealed for the ratio to be upped to more than 20 percent in the next 15 years.

They also stressed the importance of reforming the transport investment structure, noting that all sectors of society should be encouraged to invest in transport facilities.

Furthermore, transport prices must be raised to inject vitality into transport companies, they said.

"Prices of all means of transportation are far too low, with the result that the transport industry as a whole incurs heavy losses," they said.

They also urged the government to aid the development of the transport sector by readjusting its financial, taxation and banking policies.

Sugar Shortage To Continue Through 1989
HK1210110388 Beijing CEI Database in English
12 Oct 88

[Text] Beijing (CEI)—The demand for sugar crops in China this year is about 12 million tons, 2 to 2.5 million tons more than the estimated supply.

This contrasts with the demand of 7 million tons against a supply of 1.7 tons in 1987. Sugar output in the extracting season of 1987-1988 is estimated at 4.47 million tons, a decline of 700,000 tons from that of the previous season and is the most serious slump since 1949.

Because of the slump, a number of provinces have raised the purchasing prices of sugar crops. That of sugarcane has risen from 77.16 yuan to 95 yuan per ton in Guangdong Province, from 73 yuan to 98 yuan in Fujian Province, from 66 yuan to 85.9 yuan in Yunnan Province and from 76 yuan to 90 yuan in Hainan Province. The purchasing price of sugar beet in Inner Mongolia has gone up from 108 yuan to 128 yuan per ton, and from 108 yuan to 120 yuan in Heilongjiang and Jilin Provinces.

The area sown to sugar crops this year is 10 percent more than last year, and sugar output in the extracting season of 1988-1989 is expected to be up 11-15 percent. But with the increase in demand for sugar, there will be no marked narrowing in the gap between demand and supply.

New Minesweeper Proves Successful in Trials
OW1310061588 Beijing XINHUA in English
0232 GMT 13 Oct 88

[Text] Beijing, October 13 (XINHUA)—China's first new-type minesweeper successfully cleared a mine 400 meters below the surface of the Yangtze River Tuesday near Hengshabei Port.

The minesweeper was jointly developed by the China Shipbuilding Corporation, three research institutes, and a factory, today's "LIBERATION ARMY DAILY" reported.

Experts say that the sweeper can be used day and night to clear various types of mines simultaneously and in all directions, including noncontact mines as well as moored mines.

East Region

Anhui CPC Committee Decision on Agriculture
OW0910005988 Hefei ANHUI RIBAO in Chinese
25 Aug 88 pp 1, 3

[Decision of the Anhui Provincial CPC Committee and the Anhui Provincial People's Government on Promoting Developmental Agricultural Production—date not specified]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, Anhui's agricultural production has quickly resumed and developed, food and clothing are no longer problems for the overwhelming majority of the peasants, and some people have become affluent peasants. However, we must soberly realize that Anhui's agricultural production remains relatively undeveloped. This can be observed from the underdevelopment of the natural resources for agricultural production and the low utilization rates of land and water surfaces. Not only has this affected the economic development in the rural areas, but it has also restricted the economic development of Anhui as a whole. To speed up economic development and prosperity in rural areas, the provincial party committee and government hold that, while expediting the development of township enterprises, efforts should be made to promote developmental agricultural production. To achieve this objective, the following decision has been made:

1. Fully Understand the Strategic Role of Developmental Agriculture in Rejuvenating Anhui's Economy [subhead]

To promote developmental agricultural production, we should establish our footing on Anhui's local resources. This means we should broadly and deeply develop agricultural production by rationally developing and exploiting those natural resources which have not been exploited, or not fully exploited, according to market demands and following natural and economic laws.

Straddling the Chang Jiang and the Huai He and located in a temperate zone with ample sunshine, warmth, and water resources, Anhui has varied physical features and abundant land, flora and fauna resources, and manpower, providing great potential and a bright future for developmental agricultural production. These resources, however, are not adequately developed and exploited. In Anhui, only 32 percent of its land has been cultivated, and over 20 million mu of barren hills and sloped land as well as large tracts of sporadic land near villages, along roads and streams, and by houses have not been developed; the productivity of 7.29 million mu of water surfaces is far below the national average; and the yield of over one-third of Anhui's cropland is low. Thus, fully developing and exploiting these resources, bringing the enormous strength of Anhui's economic development into full play, and promoting developmental agricultural

production are significant for restructuring and appropriately expanding production, increasing the output of agricultural commodities, earning more foreign exchange by exporting famous products, switching rural manpower to developing second and tertiary industries, and achieving economic prosperity in urban and rural areas. Meanwhile, the implementation of the strategy for coastal areas' economic development has also provided Anhui a good opportunity for developmental agricultural production. Such being the case, we must realize the strengths of Anhui, heighten our sense of urgency, and waste no time in promoting developmental agricultural production, considering it an important part of the second-phase reform in rural Anhui as well as a major strategic measure for rejuvenating the rural economy and achieving a comparatively comfortable life.

Promoting developmental agricultural production is a long-term and formidable project. To make it a success, we must continue to emancipate our minds and change our thinking. We must replace the mentality of small-scale peasant economy and product economy with a strong consciousness of commodity economy, do away with fear as well as the mentality of being content with the status quo of having just enough to wear and eat, display the spirit of pressing forward, and heighten our confidence for greater prosperity and an even better life. We should rely on the efforts of the masses themselves and wage a hard and protracted struggle so that Anhui's developmental agricultural production will have a smooth start and steady and sound development.

2. Be Market-Oriented, Suit Measures to Local Conditions, and Set Up Developmental Goals and Focuses [subhead]

Anhui's villages are endowed with a variety of natural resources, and their conditions for development are different as well. When we set up developmental goals and focuses, we should adhere to the principle of being market-oriented and suiting measures to local conditions, rather than sticking to rigid principles. We must seriously forecast market conditions, and then set up developmental goals according to the demands of the market. We must persist in proceeding from local realities, and develop the suitable and the workable. Different developmental goals and focuses must be set up for different areas and for different times. Based on the advantages of their respective natural resources, various localities must take pains to develop some key brand-name, quality, special, and new products.

While promoting developmental agriculture, we shall never relax our efforts for grain production. We must first keep grain-growing acreage from shrinking, raise per-unit-area yield, improve quality, and raise the marketable ratio of grain. We must then engage in comprehensive development with the focus on developing forestry, pomiculture, animal husbandry, and aquaculture. When developing forestry and pomiculture, we must focus on developing economic forests, fast-growing and

high-yield forests, tea, sericulture, processed and fresh fruit. When developing animal husbandry, we must pursue a stable production of hogs, and endeavour to raise such herbivorous animals as cattle, sheep, and hares. When developing aquaculture, we must produce not only ordinary aquatic products but also quality ones like river crabs and soft-shelled turtles. In addition, efforts must also be made to develop such economic crops as cotton, oil-bearing crops, tobacco leaves, hemp, flax, medicinal herbs, and vegetables.

At present, we should make strenuous efforts to exploit "four wasted resources"—namely, barren hills, barren slopes, unused water, and unused beaches; "four sides"—namely, roadsides, water fronts, surroundings of farmland, and surroundings of villages; and "three lows"—namely, low-yield farmland, water, and forests. After 7-10 years of hard struggle, Anhui should basically be able to complete the assignment of transforming the "three lows," to utilize idle lands around the "four wasted resources" and "four sides," to improve yield and utilization of land, to plant trees and grow fruit on land that is suitable for developing forestry and pomiculture, to make the average per-unit-area yield from aquacultural water and the per capital consumption of meat reach or exceed the nation's average, and to achieve relatively bigger growth in agricultural production and in peasants' income.

When setting up developmental goals and focuses, various localities must also formulate preferential policies according to the needs of the international market. They should focus on developing salable agricultural and sideline products in order to advance the development of Anhui's foreign exchange-earning agriculture. In addition, they must make efforts to build relatively large and efficient production centers for agricultural and sideline products by concentrating on the mass production of some selected key products. They must endeavour to develop the product line, engage in multiple processing, and strive to manufacture more "leading" products. They must integrate developmental agriculture with overall agricultural development, with intensive management, and with the courtyard economy. They must improve the economic results of overall development and integrate economic results with social benefit [she hui xiao yi 4357 2585 2400 4135] and with ecological benefit. They must also integrate development with management and protection, and prevent soil erosion and destruction of natural resources.

3. Decontrol the Rights To Work on Land and Water and Arouse the Initiative of Development From All Sectors [subhead]

To promote developmental agriculture, it is imperative to decontrol the rights to work on land and water. Also, we should decide on the forms of operations by proceeding from reality and according to the specific local conditions. At present, collective mountain farms, fish farms, and other farms that have signed production

contracts with individual households should continue to stabilize and improve the managerial contract responsibility system and should not change it rashly. If a contractor finds it difficult to work on the land or the water area he has contracted, he may rent it out or transfer the contract to others after receiving the appropriate compensation. As for those land and water areas that have so far not been developed and exploited and are still lying idle, there should be a deadline for their exploitation. If they are not exploited before the deadline, a "waste charge" (the standards for which are to be set by various localities) should be collected, or the original managerial contracts should be rescinded and new contractors should be sought. If it is difficult for a single contractor to do the work, several households may join together to do it by forming a collective or joint-household development entity according to the principle of no change in the contract rights and interests. As for the large expanse of water areas and remote and big mountains, including transregional water areas and barren mountains, which have not been contracted to individual households, in general, no contracts should be signed with individual households. Instead, they may be exploited jointly by the sectors concerned after raising funds with each one acting as a shareholder. Alternatively, several households may submit a joint bid, and the contract will be awarded to the successful bidder. Another alternative is to establish specialized development corporations to undertake the work of developing such mountains and water areas. Small barren hills and odd pieces of unused land and water areas may be exploited by collectives or by a single peasant household on a contractual basis. In short, any of these methods may be applied if it can speed up the pace of development.

The central issue involved in the decontrol of rights of operations is the establishment of a mechanism of competition and the selection of contractors through competitive bidding. In the future, public bidding will, on principle, be required for the development of all "four waste resources" and all new development projects. For those pieces of land and water areas that have not been well exploited and those development projects that have not been carried out successfully, public bidding is also required in order to find new contractors. In doing this, it is necessary to remove the barriers between different administrative districts and to open the doors on all sides. Bidders may be state-owned and collective units or individuals. An individual bidder may be a native or an outsider, but he may also be a foreigner. The public bidding may be held in a variety of ways. It may cover a whole development project or only a certain production task in the project. Some poor counties have used the aid-to-the-poor funds for various development projects and recruited managerial and technical personnel to work on the projects. This practice has produced good results and should be popularized.

It requires a rather long time to develop a barren hill or an unused water area. For this reason, the term of this kind of managerial contract should be longer than other

contracts. For the development of barren hills and slopes, the contract terms should be not less than 30 years, and the contract may be inherited and transferred. In general, the contract for exploiting a water area should have a term of from 5 to 10 years. The term may be even longer if the contract is for exploitation of a never-used water area. Contracts should be signed for contracted development work and the lease of land and water areas so as to clearly define the responsibilities, rights, and interests of both parties to the contracts. In addition, the contracts should be notarized by a notary public.

An encouragement policy should be adopted in dealing with contractors. Contractors with significant contributions should be given good rewards. Credit, taxation, price, and other departments concerned should formulate preferential policies to actively support them. Farm, forestry, native, and special products from new development projects can be handled without restriction, and the producers can deal directly with those who are going to market these products. Where there is a purchase contract, the protective price should apply. An emergency fund against risks should be established where conditions to do this exist so as to ensure the stable development of production. Tax on income from developmental agriculture should be reduced or exempted according to law. If a loan is used for a development project, the loan may be repaid before the tax. Income tax should be exempted for 3 years on new specialized corporations established by peasants in villages for serving the needs of development agriculture.

4. Diverse Channels Should Be Used To Raise Funds so as To Increase Developmental Agricultural Input [subhead]

Under the circumstance of a shortage of state funds for construction, it is imperative to use diverse channels to raise funds for promoting developmental agriculture. This means that the state, collectives, and individuals should all make contributions. At the same time, positive efforts should be made to utilize funds from outside. It is necessary to reform the investment management system and adhere to the principle of whoever makes investment, carries out the development project, and bears the responsibilities and risks should receive the benefits. The purpose is to arouse the enthusiasm of all sectors of society to invest in development projects.

The vast number of peasants are a vital new force for undertaking developmental agriculture. We should educate and guide the peasants to change their concept, correctly handle the relationship between production and consumption, conscientiously resist the unhealthy tendency of extravagance and waste, and rationalize investment. We should pool the funds scattered among the masses and invest in developmental agriculture. It is necessary to relax rural banking and credit policies, and promote the development of a rural money market. The banking department should extend special loans for the development of developmental agriculture, and accept

the borrower's land-use right or products as the collateral for the loan. While continuing to reform the structure of rural credit cooperatives, all localities may establish rural mutual assistance funds and openly sell stocks and bonds to the public. Localities with the necessary conditions may also try out cooperative insurance. All localities should take effective measures to attract as much investment in developmental agriculture as possible. Urban industrial and commercial enterprises, institutions of higher education, government organs and mass organizations, particularly the industrial enterprises that use agricultural and sideline products as raw materials, should be encouraged to invest in rural areas and establish raw materials and nonstaple foodstuffs production bases there. This is an important way to raise funds for development, as well as an important measure for ensuring the supply of industrial raw materials and nonstaple foodstuffs to urban areas.

It is necessary to properly use the state funds for agriculture. In order to improve the efficiency of investment, governments at all levels should do good overall coordination work, establish development funds in the proper proportion, strive to increase the funds year by year, use the funds to support well-managed key development zones and development projects, and get compensation from the users, while the investment channel and the department in charge of the investment remain unchanged. All localities may set up special government fund organizations or agricultural fund development companies on a trial basis. It is necessary to establish and improve the system of responsibility for the use of funds, practice project management, step up inspection and appraisal of the use of all development funds, and prevent waste or use of the funds for other than development purposes.

5. Rely on Scientific and Technological Progress To Promote the Development of Developmental Agriculture [subhead]

To rely on scientific and technological progress is a fundamental measure for developing developmental agriculture. Governments and departments in charge of science and technology at all levels should increase their investment in agricultural science and technology and make great efforts to popularize applicable techniques. They should organize the cooperation between relevant scientific research organizations and institutions of higher education in tackling key technical problems concerning the development of developmental agriculture in order to achieve new breakthroughs in research and in the application of research results with regard to the breeding of new strains in agriculture, forestry, animal husbandry and fishery, cultivation of farm crops, prevention of plant diseases and pest insects, prevention of livestock diseases, and storage, freshness retention, and processing of farm produce. At the same time, we should actively import advanced technology and superior strains from abroad.

We should establish and improve as soon as possible the system for popularizing agricultural techniques, stabilize and strengthen the contingent of scientists and technicians at grass-roots rural units, and gradually form a network for popularizing useful techniques to meet the needs of developing a commodity economy throughout the rural areas in the province. All localities should establish technological popularization service organizations at townships (towns). Localities that have already set up such service organizations should further consolidate and develop them. Localities that have not yet established such organizations should establish them as soon as possible. Great efforts should be made to support rural specialized technological cooperation organizations and technological associations, and encourage peasants to pool funds or enter into partnership to run non-governmental agricultural techniques service organizations and technical and economic entities.

It is necessary to open up further the technological market, introduce the competition mechanism into the technological service area, and improve the situation in which rural areas are short of technological personnel while some agrotechnicians are unemployed. Township and town agricultural technology stations should change their thinking, abandon the egalitarian practice of "everyone eating from the same big pot," serve the peasants and agricultural production, increase income by offering good service, and keep developing themselves. Poorly managed agricultural technology stations may be contracted out to the people for operation, but they must continue to provide agricultural technological service.

All localities should encourage and mobilize a number of urban scientists and technicians to undertake development projects, contract for technological projects, or provide technological service at the forefront of production in rural areas. It is necessary to conscientiously implement existing preferential policies formulated by the provincial party committee and the provincial government. Some specific provisions may be worked out in consideration of local needs and economic capability so that those scientists and technicians who are willing to undertake development projects or contract for technological projects in rural areas will enjoy political honor and economic benefits and have no worries regarding livelihood. We should encourage graduates of agricultural colleges and secondary vocational and technical schools to work at rural grass-roots units. Scientists and technicians who make outstanding contributions to developmental production should be commended and rewarded. Specialized technical job titles should be conferred on them according to their job performance regardless of educational background and length of service. A locality may request the provincial department in charge to increase local slots for such specialized technical job positions, if necessary. A locality may also set up a reward fund for agricultural science and technology popularization and application in order to reward the scientists and technicians who make important contributions to rural economic development.

It is necessary to accelerate the training of personnel for the development of developmental agriculture and for long-range rural construction. It is necessary to take various actions to run training classes on useful techniques in rural areas, further accelerate the reform of the rural educational structure, strengthen rural vocational education, and run more vocational schools and vocational training classes which serve the development of agriculture and village and town enterprises. In addition to training qualified personnel for rural areas, existing vocational schools and training classes should also provide scientific and technological service for village and town enterprises and for developmental agriculture, and turn themselves step by step into local comprehensive service centers combining agricultural education, scientific research, and production.

6. Attach Importance to Infrastructure Construction and Provide the Necessary Material Conditions for Developmental Agriculture [subhead]

Our province has great potential in developmental agriculture, but its infrastructure is comparatively weak. Governments at all levels and the departments concerned must attach great importance to infrastructure construction, and do this work well to provide the necessary conditions for developmental agriculture.

To meet the needs of local development projects, all localities must seriously do a good planning and make overall arrangements to improve infrastructure step by step in order of importance and urgency. In the near future, we should give higher priority to building water conservancy projects and seedling bases and ensure a smooth start for developmental agriculture. With the progress in developmental agriculture, we must pay attention to building circulation facilities in good time to ensure quick access to information and good transport, and have a certain freshness retention, processing and storage capability so that our products can easily become commodities. We should pay attention to connecting the development of developmental agriculture with the construction of crop cultivation and aquaculture commodity bases, and with the development of poor regions and the Huanghuaihai Plain.

In infrastructure construction, we must mobilize the initiative of all quarters and rely on the peasants' contribution of labor in addition to necessary state support. All localities should take effective measures to arouse the peasants' enthusiasm for contributing labor. According to the provisions of the provincial government, the labor for building key water conservancy projects that benefit more than one village or township should mainly come from the annual capital construction labor quota and obligatory labor quota of the villages and townships concerned. In building infrastructure, we should adhere to a principle that whoever gets the benefit contributes the labor, and we should not practice egalitarianism and indiscriminate transfer of resources. At the same time, we should do what we are capable of. Infrastructure that

requires a large amount of labor to build may be built step by step in more than 1 year. From now on, the special state fund for developmental agriculture should be spent mainly on building infrastructure. The water resources, transport, post and telecommunications, electric power, commerce, and supply and marketing departments should support the infrastructure construction for developmental agriculture, include the work in their work plan, and do it seriously.

We should encourage peasants to pool funds to repair roads, build bridges, run power plants, build warehouses and cold storage facilities, and buy refrigeration equipment. They may manage these facilities independently, collect rational fees and offer service with compensation. The departments concerned should support them and give them preferential treatment in credit and taxation.

7. Earnestly Provide Stronger Guidance and Better Service for Developmental Agricultural Production [sub-head]

The project of starting developmental agricultural production, which is a milestone in Anhui's economic construction, should be placed on the agendas of all localities and departments and handled by principal leading comrades themselves. Under proper guidance, the project should proceed in a scientific, planned, and systematic manner. While we should now do a good job in publicizing the project, we should speed up drawing up short, intermediate and long-term developmental plans, as well as measures for their implementation. While drawing up these plans and measures, we should give full scope to democracy by soliciting the views of all quarters and assessing the feasibility of these plans and measures in a scientific approach so as to avoid any unscrupulous actions or drastic changes. Once these plans have been finalized, they should be firmly carried out. Certain plans may also be finalized by the local people's congresses, but once a decision has been made, they should not be casually changed on account of the change of individual leaders.

To facilitate the implementation of developmental plans, leading authorities at all levels should establish rules governing the responsibilities of all units and individuals in fulfilling various projects. Their performance should be reviewed at regular intervals, and the system of giving rewards and meting out punishments should be strictly enforced. How developmental agricultural production has been carried out should become a major criterion for evaluating the performance of cadres. In order to be more persuasive and for the sake of demonstration, leading authorities may designate certain developers to gain some experience useful in all other areas, thus integrating Anhui's experience with that of other parts of the country.

Relevant government departments should draw up specific measures for serving developmental agricultural production, integrating their services with their operation. To improve efficiency, they should combat departmentalism or shifting responsibilities between one

another. Meanwhile, we should energetically support operators providing all types of specialized services, and encourage peasants to join various service associations and provide services among themselves. It is hoped that in 2 to 3 years rural Anhui will have all forms of socialized support services essential for all stages of developmental agricultural production.

To ensure sound and unhampered progress of developmental agricultural production, we should improve the administration of forestry, fishery, aquatic, and other agricultural production according to law. We should mobilize the masses to draw up local rules to be observed by everybody and with which they can supervise each other. With the approval of relevant departments, public security branches may be set up in large mountainous areas and water surfaces that have been developed so as to provide them routine security protection and maintain normal production order there. Public security and judicial departments should promptly handle any cases regarding vandalism, theft, robbery, extortion, and other crimes which infringe upon the legitimate rights and interests of operators and contractors, and firmly punish those who have seriously violated the criminal law.

Governments at all levels will organize the implementation of this decision, but economic departments in rural areas should be responsible for specific projects. All prefectures, municipalities, counties, and departments directly affiliated with the provincial government should promptly report to the provincial party committee and the provincial government about the way this decision has been implemented. During the next 3 years the provincial party committee and the provincial government will conduct an annual general review of the progress of developmental agricultural production in Anhui. All localities and departments should make concerted and earnest efforts to promote developmental agricultural production and work untiringly to expedite economic development in rural Anhui.

Shandong's Liang Relays 3d Plenum Spirit at Forum
SK1410065888 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 13 Oct 88

[Text] On the morning of 13 October at Jinan's Nanjiao Guesthouse, the provincial party committee held a forum of nonparty personages to relay the guidelines of the 3d plenary session of the 13th CPC Central Committee.

Liang Buting, secretary of the provincial party committee, chaired and made a speech at the meeting. Jiang Chunyun, deputy secretary of the provincial party committee, relayed the report delivered by General Secretary Zhao Ziyang on behalf of the Political Bureau of the CPC Central Committee at the third plenary session, and the guidelines of some relevant documents.

He said: The third plenary session was a meeting of historical significance that was sponsored at the crucial moment of reform, and played a key role in deepening reform, defining a new socialist economic order, and promoting the economic development.

Comrade Liang Buting said at the forum: Persisting in and perfecting the multiparty cooperation system and the political consultation system under the leadership of the CPC is an important aspect of our political structure as well as a glorious tradition that we have carried forward for a long period. The issues concerning managing the economic environment, consolidating the economic order, comprehensively deepening reform, and strictly running the party which were studied at the third plenary session are of extreme importance. Therefore, we should conscientiously study and discuss the guidelines of the session in order to accurately and comprehensively understand them. We should make more opinions and suggestions on our province's specific measures and programs for implementing the guidelines of the third plenary session, and conduct full consultations in order to ensure that our province can not only accurately relay and study the guidelines of the session but also proceed from its reality and seek truths from facts to implement the guidelines, resolutely enforce the central authorities' principles and policies, further deepen reform, manage the economic environment, consolidate the economic order, and maintain a sustained and sound progress of the economic growth.

Attending the forum were more than 80 people, including Li Zichao, chairman of the provincial CPPCC Committee; vice chairmen and members of the Standing Committee of the provincial People's Congress living in Jinan; nonparty-member vice chairmen and members of the Standing Committee of the provincial CPPCC Committee; chairmen, vice chairmen, and secretary generals of the provincial-level democratic parties and the provincial Federation of Industry and Commerce; and responsible persons of the provincial-level religious organizations, association of returned Overseas Chinese, and fellowship association of Taiwan compatriots.

All forum participants will hold a 2-day discussion meeting following the conclusion of the forum.

Shandong Military Region Relays Central Guideline
SK1310074588 Jinan Shandong Provincial Service in Mandarin 2300 GMT 12 Oct 88

[Text] The 13th enlarged plenum of the 5th party committee under the Jinan Military Region was held 7-12 October. At the plenum, Li Jiulong, deputy secretary of the military regional party committee, delivered a speech in which he relayed the basic guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the central work conference. Song Qingwei, secretary of the military regional party committee, and Cao Pengsheng,

member of the military regional party standing committee, also delivered speeches in which they relayed the important documents adopted at the central session and conference.

During the plenum, the participating comrades held earnest discussion, bearing in mind the military region's actual situation, and contended that improving the economic environment, rectifying economic order, and deepening the drive to conduct reform in an overall way represent the overall situation of the entire party and the entire country. PLA units should meditate their issues in line with the overall situation and take the lead in studying the series of policy decisions made by the central authorities. When the work of improving the economic environment and rectifying economic order has touched on the interests of specific units, households, and individuals, efforts should be made to resolutely abide by the interests of the whole.

In his speech, Comrade Song Qingwei pointed out that it is extremely important for PLA units to maintain the peace and unity of the country as a whole by realizing centralization, unification, and stability. Leading cadres at all levels should take the lead in abiding by party discipline, actively safeguarding the authority of the CPC Central Committee and the State Council, honestly performing official duties, waging arduous struggle, and combating extravagance and waste.

Attending the plenum were members of the military regional party Standing Committee, including Gu Hui, Lin Jigui, Ma Weizhi, Jiang Futang, Xu Chunyang, and Zhang Zonglin.

Central-South Region

Guangdong Controls To Stop Spread of Cults
HK1310065788 Hong Kong SOUTH CHINA MORNING POST in English 13 Oct 88

[Text] Religious organisations recruiting new members under the guise of teaching English, art and music, have prompted the Guangdong Government to implement regulations requiring all religious bodies to register with the authorities, an official said yesterday.

Mr Xiong Boxiang, associate general secretary of the Guangdong Christian Three-Self Patriotic Committee, said that penetration of "cult activities" in his province over the past two years was serious.

He was particularly critical of the "Children of God" group which, he said, had been active in Guangzhou and Zhongshan. Members of this cult were deported once they were discovered.

And because of the rapid spread of these activities in the province, Guangdong took the lead in drafting the Religious Venue Administrative and Management Regulations.

With the implementation of the provincial ruling in March, all religious bodies in Guangdong Province are required to register with the authorities.

Religious organisations are required to report on their membership, operation, management of religious venues, and activities.

So far the requirement for registration had not led to any conflict between religious bodies and the administration, said Mr Xiong, adding that the aim of the regulations was to protect proper religious worship rather than to restrict religious development.

He dismissed Hong Kong reports that a Guangzhou church minister, the Reverend Lin Xiangao, had been detained because of unauthorised preaching.

"The Guangdong authorities once requested his registration as a missionary but he refused to do so. No action has been taken though the Reverend Lin continues to preach in his own capacity," he said.

Mr Xiong is in Hong Kong as part of a Guangdong Christian delegation to study local operations of religious bodies. The delegation, which is visiting the territory at the invitation of the Christian Industrial Council, hopes to develop the scope of Guangdong's religious services.

The general secretary of the Guangdong Christian Council and a delegation member, the Reverend Fan Xiu-yuan, said that mainland religious bodies want to have more contact with the outside world. This, he said, was in line with the country's open policy.

The visit to the territory is to learn from successful local experiences in running religious service organisations, Mr Fan said.

The Guangdong Christian Council which has 200 chapels and 300 meeting places throughout the province, also maintains a savings deposit branch for its members.

Rapid Population Growth in Guangxi Noted
HK1310133588 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 40, 3 Oct 88 p 19

[Article by Du Xin (2629 2450): "A Perspective View of Rapid Population Growth in Guangxi"]

[Text] In China, about one-third of regions have made so little progress in family planning work that the population has increased drastically. The Guangxi Zhuang Autonomous Region is one of the regions with a fairly serious population problem.

The Momentum of Rapid Population Growth Has Not Slowed Down [subhead]

In Guangxi we can see everywhere 17- or 18-year-old young women leading a son in one hand and carrying a daughter in the other and peasants on the right side of 40 becoming grandfathers. According to statistics, in the 5 years between 1981 and 1985, Guangxi's population increased by an average of 670,000 people annually. By 1987 it had reached 40.15 million people and the growth rate exceeded the nation's average level. Guangxi is now entering the third boom period of population growth at a higher rate than the nation's average. Moreover, this baby boom is also spreading from the rural areas to the cities and towns.

With tens of thousands of people pouring in an unplanned way into Guilin, which is as beautiful as a painting, and staying in the surrounding areas of Jiashan and Chuanshan, the scenery of which is unrivalled, a large, irresistible army of child-bearing people has come into being. According to statistics, as many as 90 percent of these people have more children than they are allowed to.

At Donggouling, Xingning district, Nanning City, there were only 200-odd households in 1979. By the spring of 1987, the number of households had drastically increased to 2,108. Of these, 1,859 households did not have residence cards. A 30-odd-year-old woman named Huang has 13 children.

Today, with 430,000 females entering the marriage and fertility age annually, Guangxi is facing another boom period of population growth. If this state of affairs goes on, the population crisis will become more serious.

The Dark Shadows [subhead]

In recent years, the reform and the open policy have enabled Guangxi's economy to develop quite rapidly. Its financial revenue grew from 1.37 billion yuan in 1984 to 2.97 billion yuan in 1987. However, the achievements attained in the past few years are being quietly nibbled away by the rapid population growth.

—Reduced forest cover area and soil erosion have resulted in deteriorating ecological environment, frequent natural disasters, and so on.

—Per-capita cultivated land has dropped drastically. In the early 1950's there was an average of 2 mu of cultivated land for each person in Guangxi. By 1987, the per-capita cultivated land had dropped to 0.9 mu, much lower than the nation's average level of 1.5 mu.

—It is difficult to improve the living standards of the people. In 1987, Guangxi's total income increased by 8.78 percent, lower than the growth of China's total national income, which stood at 9.3 percent. However, Guangxi's population grew by 17.5 per thousand in

1987, higher than the nation's growth rate of 14.1 per thousand. As a result, per-capita financial revenue in Guangxi accounted for only one-third of that of the nation.

Moreover, rapid population growth has also brought about acute contradictions in education, science and technology, culture, public health, transport, and other undertakings.

Now, more than 6 million people in Guangxi are still living in extreme poverty, but poverty has not slowed down the population growth. In impoverished areas the phenomena of giving multiple births are even more serious. With the population growth getting out of control, a dark shadow has been cast on the development prospects for Guangxi's various undertakings.

Reasons for Loss of Control in Population Growth [subhead]

If we make an analysis, we can see that the reasons for Guangxi's loss of control in population growth are as follows:

—Due to the errors of policy-makers, we have missed a good opportunity to keep the population under control. In the 1970's, the central authorities called on the people of all localities to fulfill family planning tasks. As a result, the population growth in the country as a whole dropped quickly. However, because the central authorities permitted a relaxation of the population policy in minority nationality areas, the relevant policy makers in Guangxi shilly-shallied and failed to pay close attention to family planning work. In 1982, Guangxi put forward the policy of "one family having one child and restricting the number of families having two children." However, because a lot of cases left over from the "Cultural Revolution" had to be dealt with at that time, the family planning work was still placed in a secondary position.

In 1984 Central Document No. 7 explicitly defined that minority nationalities with a population of more than 10 million should in principle apply the same family planning policy as that implemented among the Han nationality. The following year, Guangxi put forward the following requirements: The policy of one family having only one child should be vigorously advocated among the Zhuang nationality; the husband or wife of a peasant from the Yi, Sui, or Mulam nationalities is allowed to have three children, and the family of other minority nationalities is allowed to have two children. However, the birth situation still did not change.

—The traditional concepts that "more children will bring more happiness" and of "continuing the family line by producing a male heir" constitute the greatest obstacles to family planning work. There are reasons for the peasants' present mentality: First, the rural areas still rely on labor force to increase output and nothing can be done without labor force. Second, due to the insufficient

social security conditions in the rural areas, the peasants still rely on their sons and daughters to live out their lives in retirement. Third, the concept of continuing the family line by producing a male heir is deep-rooted.

—An important reason for the loss of control in population growth and the difficulty in carrying out family planning work is that cadres take the lead in having more children than they should. In recent years, 750 cadres and staff members in Rongahui County and 1,500 cadres and staff members in Chongzuo County have exceeded the quotas. Among those cadres having more children than they should, there are department heads and even country magistrates.

The fact that policy executors have taken the lead in exceeding the quotas has made a very bad impression and led to a situation whereby the law fails to impress the masses. In He County, 121 cadres had more children in 1985 than they were allowed to. The local people said: "With three halters (namely, wages, public office, and party membership) still failing to hold those on 'government pay' in check, why should we be afraid of having more children than we are allowed to!" Consequently, between 1980 and 1986, the family planning quota was exceeded by 21,388 people in the whole county.

Way Out of the Crisis [subhead]

In Guangxi, there are also many localities carrying out family planning work quite satisfactorily. They have succeeded in controlling population growth. For example, the leading cadres of Longsheng Multinational Autonomous County have put family planning work on the routine agenda of county leadership and set up a special contingent of family planning workers who, in light of the actual conditions in the county and the special features of various nationalities, explain to every household the truth about "if we still do not carry out family planning, the future generations will rush to eat the earth." In the meantime, they have also set up rural centers for family planning operations and improved services. These measures have succeeded in bringing Longsheng's population growth under control. Over the past few years, over 80 percent of women have voluntarily gone to the hospital to receive birth control operations and the rate of multi-births has dropped from 23 percent to 1.6 percent.

Longsheng's experience shows that family planning work in minority nationality areas is not something that cannot be carried out well. Some farsighted people hold that a fundamental way to control rapid population growth lies in comprehensive management by the whole society and breaking with the conventions of "departmental management." The family planning departments should put forward suggestions, which will be turned into government policy decisions. With all society and all departments coordinated in implementing these policies, we shall be able to jointly tide over the difficulty.

Mao's Hometown in Hunan Shifts Image Emphasis
OW1310121788 Beijing XINHUA in English
1036 GMT 12 Oct 88

[By correspondent Xu Liangji]

[Text] Changsha, October 12 (XINHUA)—On the hillside opposite the birthplace of Mao Zedong in Shaoshan, Hunan Province, a small, tastefully furnished restaurant run by a local woman catches the attention of Chinese and foreign tourists every day.

Tang Ruiren, a 57-year-old peasant organizer who had pictures taken with Chairman Mao in 1969, is now often seen standing in front of the restaurant, cheerily greeting foreign visitors in English.

"Several years ago I had doubts about the new policy of encouraging people to become rich. When the contract responsibility system was first introduced in the rural areas in 1979, I wept, thinking that capitalism was being restored according to what we were taught," she said.

On seeing that people in neighboring areas have become well off through the development of a commodity economy, her ideas changed. "Poverty can not be called socialism, and it is perfectly correct to become rich through one's honest labor," she concluded.

"Now it is almost as if 'Marshall Zhao', the legendary Chinese god of wealth mentioned in Chairman Mao's works, has returned to Shaoshan," the restaurant owner said with a smile.

With the help of her family, Tang now earns 10,000 yuan a year from the restaurant.

Her restaurant is one of the 1,600 family-run businesses in Shaoshan Township, where the yearly per capita income has risen from 119 yuan in 1980 to 617 yuan in 1987, according to the township's vice director, Yang Gensheng.

The thing about all this, of course, is that the concepts of private investment and profit—which were once equated only with the capitalist system—now appear to be widely accepted, even in Mao Zedong's hometown.

Around the square of the Shaoshan Railway Station and on the platform in front of the legendary cave once used by Mao in 1966, colorful advertising billboards have replaced militant posters bearing quotations from the late communist leader.

The cave, along with its pavilions and gardens, was opened to the public in 1986, and by last August, more than a million tourists had visited it.

In present-day Shaoshan, as in other parts of the country, people continue to cherish respect for the late chairman of the Communist Party. But the image of the Chinese leader presented in both his former home and the museum built in his honor is a very human one.

For example, in an exhibition devoted to Mao's early years and his ideological development, the influences of two other founding members of the party, Chen Duxiu and Li Dazhao, are also highlighted.

While emphasis is still placed on Mao Zedong's contribution to the founding of the Chinese Communist Party, the importance of other founders such as Chen Duxiu, Chen Gongbo and Zhou Fuhai is also recognized today, even though these men were later expelled from the party.

Unlike the visitors who made an uncritically admiring trek to Mao's birthplace during the 1960s and 1970s, today's visitors voice different opinions on the great leader and sometimes even argue over Mao's virtues and defects.

Despite the down-to-earth atmosphere of the exhibitions and discussions that has replaced the fervor of the past, the site is still one of China's most popular attractions.

Since 1983, the number of tourists has increased by 50,000 a year and last year about 610,000 Chinese and foreign tourists visited Mao's birthplace, according to Wen Huihang, deputy director of Shaoshan's Management Bureau.

Southwest Region

Sichuan's Yang Rudai Discusses Current Problems
HK1310013788 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 12 Oct 88

[Text] Provincial Party Committee Secretary Yang Rudai stressed in a speech at the third plenary session of the fifth provincial party committee on 12 October: It is essential to unify understanding on subordinating everything to the overall situation and ensure that the interests of the partial are subordinate to those of the whole.

Yang Rudai said: The task of improving the economic environment, rectifying the economic order, and comprehensively deepening reform is extremely arduous, and many difficulties will be encountered. The fundamental guarantee for overcoming the difficulties and fulfilling the tasks is to strengthen party leadership and give full scope to this political strong point. And the key to strengthening party leadership lies in resolving the relationship between the partial and the whole and between the individual parts and the overall pattern. All areas and departments have the duty to uphold and be subordinate to the interests of the whole.

Yang Rudai criticized certain erroneous viewpoints and methods, such as devising measures in the lower levels which run counter to the policies from the upper levels. He also criticized the ideas that people should not fear to exceed the bounds stipulated in red-headed documents, that a detour can be taken when a red light is showing, and that this does not mean failing to maintain unity with the central authorities, and so on. Unless these viewpoints and methods are changed, the interests of the whole and of the collective are bound to suffer more and more damage.

Yang Rudai pointed out: In unifying understanding of the overall situation, we must resolve the problems of the idea of competing and the fear of coming off the loser. Areas and departments compete with each other and vie for fame in the aspects of output value, growth rate, investment scale, wage levels, price levels, and in degree of relaxation of policies. This wave of competition is a major cause of an excessive growth rate, a loss of control over investment, an excessive demand, and an overheated economy.

We must realize that economic development is subject to many constraints. We cannot pursue whatever growth rate we like, and a faster growth rate is not always the best policy. If we are impatient for success and simply pursue rapid growth, we will end up with more haste and less speed, and delay the progress of reform and construction.

He said: In examining and evaluating the achievements of the cadres, we cannot just look at output value and growth rate; we must stress looking at economic returns and reserve strength, at political stability, at developments in science, technology, education, and culture, and at practical contributions to the state and people.

Yang Rudai pointed out: The idea that honest people come off the losers is linked to the idea of competing. In the past, it was sometimes the case that honest people came off the losers. However, conditions are different now. The central authorities have resolved now to improve the economic environment and rectify the economic order; they have specified tangible targets, strict discipline, and all-around and coordinated measures. Generally speaking it is rule-breakers and dishonest persons who will suffer, and honest people who will benefit.

He emphasized: We must be spontaneous and active in implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee; we must not glance right and left, hesitate, and look around. We should not apply the old almanac to view the problems and fear that honest people will come off losers. The central authorities have explicitly announced that the leading organizations at all levels should support and commend party members and cadres who take into account the overall situation and carry out the central policies and decrees in a model way, while party members and cadres who pay

no heed to the overall situation, go their own way, disregard organizational discipline, and violate discipline must be dealt with severely.

As far as the provincial party committee and government are concerned, we should adopt the best possible practical measures and action to ensure that honest people will not come off the losers.

Sichuan's agricultural foundation is brittle, its energy and communications infrastructure is deficient in many respects, and its ability to bear financial burdens is weak. There will certainly be many difficult problems in the course of cutting investment and tightening money. We must regard the overall situation as the most important thing, put the interests of the whole in the primary position, advance in the face of the difficulties, and actively forge ahead. We must resolutely refrain from doing things that damage the overall picture and reluctantly make some sacrifices to do things that benefit the whole but do not benefit the partial in the short run. We must resolutely act according to the demands of the Central Committee and State Council.

Yang Rudai Speaks at End of Sichuan CPC Meeting
HK1410021788 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 13 Oct 88

[Text] The 5-day third plenary session of the fifth Sichuan Provincial CPC Committee concluded on 13 October. Provincial Party Committee Secretary Yang Rudai made an important speech.

Yang Rudai said: This session has seriously studied and discussed the spirit of the 3d Plenary Session of the 13th CPC Central Committee. On the basis of unifying understanding, it has studied the question of how to resolutely implement the unified central plans in conjunction with Sichuan reality. The session has adopted a resolution on seriously implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee. This resolution expresses the will of the comrades in a concentrated form and shows our attitude and resolve in resolutely implementing the guidelines, policies, and measures proposed by the Third Plenary Session.

In accordance with the views discussed at the session, Comrade Yang Rudai again emphasized the following issues:

First, it is necessary to seriously organize the cadres and masses to relay and study the major documents of the 3d Plenary Session of the 13th CPC Central Committee and the central work conference. The leading cadres at all levels must take the lead in study. Through relaying and studying this spirit, we should bring everyone's thinking into line with it, lay stress on party leadership, strengthen

party discipline, give scope to the vanguard and model role of the party members, strengthen and improve ideological and political work, and boost the masses' confidence in reform.

We must ensure that the price index next year will be markedly lower than this year. We must take immediate and effective action to stabilize monetary work, the markets, and people's minds.

We must integrate improvement of the economic environment and rectification of the economic order with all-around reforms.

Yang Rudai said: We must lay the stress in our work on boosting the masses' confidence in reform and stimulating their initiative. We should be concerned for the masses' daily life and improve their living standards. While improving the economic environment and rectifying the economic order, we must pay serious attention to the political environment and public opinion work.

Yang Rudai further emphasized: We must view education and science and technology work from the plane of strategy.

The resolution unanimously adopted by the session on seriously implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee made the following main points:

1. Seriously organize study and implementation of the spirit of the session, and bring the thinking and action of the party members throughout the province into line with this spirit.
2. Unswervingly lay the emphasis of reforms and construction in the next 2 years on improving the economic environment and rectifying the economic order.
3. Correctly understand and handle well the relationship between improving the economic environment and rectifying the economic order on the one hand and comprehensively deepening the reforms and steadily developing the economy on the other.
4. Trust and rely on the masses, step up and improve ideological and political work, and consolidate and develop the political situation of stability and unity.
5. Strengthen party leadership and give full scope to our political strong point.

Sichuan City Implements Third Plenum Guidelines
HK1310041788 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 12 Oct 88

[Text] The Chongqing City CPC Committee has taken strong and practical measures to resolutely implement the spirit of the 3d Plenary Session of the 13th CPC

Central Committee. To ensure the thorough implementation of the guidelines and policy measures proposed by the session, the city will first grasp the work of controlling prices and stabilizing the markets. In the next 2 years, no new projects for erecting large nonproductive buildings will be undertaken. Such projects that have already been approved but have not yet started construction will be curtailed for the moment. In the future, units will not be allowed to arbitrarily decide to build high-standard housing.

The city government has decided that the enterprises concerned are to link a number of color television sets, refrigerators, and motorcycles to bank savings deposits and run bonus savings schemes. At the same time, the city will strictly control institutional purchasing power, and extend the scope of commodities subject to special controls from the original 19 to 29. A surcharge will also be imposed on the purchase of these commodities. Government and enterprise functions are to be separated before the end of October in the 106 companies already found to be operated by party and government organs, otherwise they will be ordered to halt operations and close down.

Refugees Said To Continue To Flee Tibet
HK1210082788 Hong Kong AFP in English
0800 GMT 12 Oct 88

[By Pierre-Antoine Donnet]

[Text] Dharamsala, India, Oct 12 (AFP)—A new wave of refugees is fleeing Tibet in the aftermath of nationalist riots last year, amid what they describe as a growing Chinese presence in monasteries, towns and villages.

Several Tibetan Buddhist monks interviewed in Dharamsala, the Dalai Lama's residence in exile, said more and more monasteries are being occupied by Han Chinese, causing the monks to become a minority in their own places of worship.

They also said that Chinese soldiers, who since 1980 had been practicing greater tolerance towards Tibetans, have come back in force around urban areas, while police regularly inspect monasteries.

"After 1980, the Chinese policy was more relaxed towards us. But since the troubles last year in Lhasa, the police come every night in the monasteries to make checks," said Lobsang Gyaltsso, 28, a recent Tibetan refugee.

"The Chinese come in whole families and settle down inside our monasteries. They open their stores, their refreshment stands. Seventy per cent of the people inside our monasteries now are Chinese civilians," he said.

Lobsang Ginpa, deputy secretary for security in the Dalai Lama's office, said 80 to 100 Tibetans have fled Tibet since the end of last year to resettle in India or the West.

But informed sources in Dharamsala believe that the true number of Tibetans who have snuck over the border runs into the hundreds, if not thousands, since bloody riots in Lhasa on October 1, 1987.

These newcomers generally do not get refugee status from Indian authorities, who saw 100,000 Tibetans pour out of their homeland together with the Dalai Lama in 1959 after a violent anti-Chinese uprising that year.

One of the newest—and youngest—refugees in Dharamsala is Sonam Tseten, 11, who said that his brother had been shot in the head by police during the October 1 riot.

The boy, now attending a school at the Tibetan Children's Village here, vowed to seek revenge for the death when he grows up.

Sonam Tseten said he himself had taken part in the riot, setting fire to a motorcycle with six or seven other boys of his age and throwing stones at police.

Several dozen people died in Tibetan nationalist rioting in October 1987 and March this year, and hundreds more have been injured. China for centuries has claimed Tibet as part of its territory, but the Dalai Lama and his supporters maintain it was independent when communist troops entered the region in 1950.

Fleeing Tibet is a difficult and dangerous undertaking. It can take months and nothing is guaranteed, said Lobsang Chenma, 18, who reached Dharamsala last month.

"I crossed the Himalayas on foot and avoided the roads. I passed through snow-covered ridges as high as 6,000 meters (19,500 feet)," he said.

"It was extremely cold. There was danger of dying from cold, from famine, from being eaten alive by bears and tigers," he said.

"Finally, when you are near the end, there are the Chinese border guards. If you are caught, you are sure to be beaten with an electric prod, then sent away to a labor camp for a few months or years. Some people are shot."

For those lucky enough to make it to Nepal, there is still the danger of being expelled by the authorities there. Twenty-six Tibetans, aged 13 to 29, were jailed for two months in Kathmandu before being handed over to the Chinese last month.

North Region

Beijing Mayor Speaks at Enlarged Party Meeting

Calls For Halt to Price Hikes

OW1310125188 Beijing XINHUA in English
0735 GMT 13 Oct 88

[Text] Beijing, October 13 (XINHUA)—Beijing Mayor Chen Xitong said that the city authorities won't allow any more price increases this year and will keep price increase as small as possible next year.

The mayor promised that there won't be any price increases for grain, edible oil, meat, eggs, sugar and other items rationed by the state.

Speaking at an enlarged meeting of the municipal party committee yesterday, Chen Xitong admitted that Beijing saw greater price increases, for non-staple foods in particular, in the first eight months of this year than in the same period last year.

The mayor said that the city authorities will make effective efforts to improve rather than lower living standards of the majority of the people in the process of price reform. "This is our set policy," he said.

To this effect Chen Xitong listed following measures to keep prices under control next year:

- Tougher control of price increases. Price increases will be allowed only for those goods which otherwise would find their production seriously hampered. Even in such cases, he said, price increases should be approved by the city authorities or, if necessary, by the State Council.

- Guaranteeing the implementation of price and charge standards set by the state for production means and other goods.

- Strengthening the management and supervision of freed prices by reducing middlemen, price gaps and profit rates.

- Making investigations into commercial and catering services and reducing unreasonable gross profit rates.

- Encouraging consumers to put forward complaints and practice supervision over price increases, and subjecting those responsible for illegal price increases to punishment.

Announces Crackdown on Profiteering
OW1310191988 Beijing XINHUA in English
0828 GMT 13 Oct 88

["Beijing Cracks Down on Bureaucratic Profiteering"—XINHUA headline]

[Text] Beijing, October 13 (XINHUA)—Beijing Mayor Chen Xitong said rewards will be given to those who contribute to the exposure of companies involving government departments, which indulge in speculation and profiteering, today's "BEIJING DAILY" reported.

The mayor said that such companies, abusing administrative power and taking advantage of loopholes in the existing administrative system, resell state-controlled goods and hard-to-get consumer commodities and drive up prices.

Speaking at an enlarged meeting of the Beijing Municipal Party Committee Wednesday, Chen Xitong said that the city authorities will also crack down on those who make and sell imitations of brand goods or publish false advertisements.

He announced that 88 speculation cases were dealt with in 1987, involving 11,120 color TV sets, 1,539 refrigerators, 576 automobiles and 19.45 million tons of rolled steel. Some 46 similar cases were registered between January and August this year.

The mayor said that the business licenses of such companies will be cancelled and their administrators may be sued.

He stressed that a distinction must be made between party and government departments and companies. Those people who hold posts concurrently in party or government departments and companies must resign from one or the other.

Chen Xitong called for stricter management by departments of industry, commerce, taxation, finance and materials to improve market management and supervision.

Inner Mongolia's Bu He Speaks on Animal Husbandry
SK1010041688 Hohhot NEIMENGGU RIBAO
in Chinese 22 Sep 88 p 2

[Speech by Bu He, chairman of the Inner Mongolia Regional People's Government, made at the regional animal husbandry work conference on 9 September 1988]

[Excerpts] Comrades, The regional party committee and the regional government have paid full attention to convening the regional animal husbandry work conference. Before convocation of the conference, we heard a report on the preparatory work for the conference, deeply studied relevant questions, and approved, in

principle, "the regional short-term program for animal husbandry development." On behalf of the regional party committee, Comrade Wang Qun made an important speech at the conference yesterday. I saw the content of his speech. I agree with him. The major subjects of discussion of the conference are to summarize and exchange the experiences gained over the past few years related to reform of the animal husbandry structure and the development of animal husbandry, to further clearly define the important position and functions of animal husbandry in the national economy, to analyze and study how to deepen reform under the new situation, to strengthen the construction of infrastructural facilities, and to promote the development of the animal husbandry commodity economy.

Since the 3d plenary session of the 11th party central committee, the regional party committee and the regional government have constantly grasped the development of animal husbandry and considered it a strategic economic priority. The region sponsored conferences on the work of pastoral areas for several years running to ceaselessly educate the vast number of cadres and the masses to unify and upgrade their understanding of the principle of "letting forestry and animal husbandry play a dominant role and developing a diversified economy," and to deepen their understanding about animal husbandry's position and functions in the national economic development. We worked out an overall plan for developing animal husbandry with a view on reform; formulated and readjusted animal husbandry policies and rules; did a better job in solving problems related to the decisionmaking power in production and management; made prominent progress in some fields; and effectively aroused the enthusiasm of the vast number of peasants and herdsmen. Through readjusting the prices of livestock products, clearing circulation channels, strengthening the construction of infrastructural facilities, enhancing the service structure, and popularizing applicable technologies, the standards of productive forces have been upgraded, the transformation of animal husbandry from a self-sufficient and a semi-self-sufficient economy to a commodity economy has been accelerated, the transformation of animal husbandry from traditional to modernized types has been promoted, and the region has entered a new animal husbandry development period. The major indicators are as follows:

1. A sustained and stable development of production has been guaranteed. Over the past 41 years since the founding of the autonomous region, there have been 7 years when the region's annual livestock surpassed 40 million head. During the past 10 years from 1979 to 1988, there were 5 years when the region's annual total livestock number reached 40 million head, and the region set two historical records with regard to the number of livestock. The first was that, as of June 1982, gross livestock reached more than 42.18 million head. The other was that, as of June 1988, total livestock reached 42.01 million head. The number of domestic animals in stock

at year end was comparatively stable and basically held at about 32 million head without major ups or downs. The production of major livestock products notably increased. When comparing 1987 with 1978, the production of meat increased 1.01 times, wool increased by 59.1 percent, milk increased 2.8 times, and eggs increased 1.64 times. The animal husbandry output value in 1987 reached 1.65 billion yuan (calculated in terms of constant prices in 1980), an increase of 70.8 percent over 1978, an annual average increase of 6.1 percent, and 1.35 percent higher than the annual average agricultural output value increase of 4.75 percent.

2. The construction of infrastructural facilities has been further enhanced. In line with our region's special characteristics of having frequent disasters and having a weak animal husbandry economy, we conscientiously summarized both positive and negative experiences and lessons gained over the past few years, transformed the guiding ideology, vigorously strengthened the construction of infrastructural facilities, and changed the passive situation of fighting disasters into an active situation of preventing disasters. As of the end of 1987, the region had 32.53 million mu of enclosed grassland and 21.42 million mu of man-made grassland, respectively registering an increase of 12.7 percent and 2.7 times over 1979. The region registered notable increases in the quantity of forage grasses to be collected, stored and ensiled; and the quantity of forage grasses and forage to be produced and processed. The building of livestock sheds and pens, the construction of water conservancy projects in pastoral areas, livestock machinery, and the work of killing insects and rats in grasslands were further strengthened. Thus, the region has enhanced its capacity for fighting against natural disasters and upgraded pastoral areas' productive forces. The output of livestock products per 100-mu pastoral areas increased. When comparing 1987 with 1978, meat production increased by 44 jin, the production of wool increased by 4.22 jin, and milk increased by 40.7 jin. The region has made notable achievements by persistently following the path of relying on construction to develop animal husbandry. All this plays an important role in guiding the development of the animal husbandry economy in the future.

3. The quality of the herds of livestock has been upgraded. In line with the region's actual conditions, we have constantly persisted in the principle of "paying equal attention to both quantity and quality" and have emphasized upgrading quality and strengthening technological service. Thus, the proportion of fine and improved breeds of livestock and poultry rose. The number of livestock slaughtered, the output of livestock products, and the average output value of animal husbandry increased with each passing year. In 1988, the region's fine and improved breeds of livestock reached 18.09 million head, an increase of 9.9 percent over 1987. Of the total livestock, 43.1 percent are fine and improved breeds of livestock, an increase of 2.2 percent over 1987. [passage omitted]

4. Greater progress has been made in commodity production. Along with the readjustment of industrial structure and the changes in the market supply and demand and due to the stimulus brought about by price hikes and the transformation of operational ideology, the vast number of peasants and herdsmen have generally upgraded their awareness of the commodity economy, and quick development has taken place in the production of livestock commodities. The number of livestock slaughtered in 1988 reached 9.32 million head, an increase of 1.14 million head over 1987. Of this, the number of commodity livestock reached 6.57 million head, accounting for 71.2 percent of the total livestock slaughtered, registering an increase of 25.9 percent over 1978. There are increasingly more livestock products to be exchanged as commodities. This has made positive contributions toward stabilizing the development of the region's economy.

5. Socialized service has been enhanced. Along with changes in the functions of animal husbandry departments, we established and perfected a system in service of technological popularization; improved the circulation, storage, transportation, and information delivery conditions in the sphere of animal husbandry; and enhanced the capacity for serving animal husbandry before, during, and after production. [passage omitted]

Northeast Region

Heilongjiang Party Plenary Session Concludes
SK1110040488 Harbin Heilongjiang Provincial
Service in Mandarin 1000 GMT 10 Oct 88

[Text] The second enlarged plenary session of the Sixth Heilongjiang Provincial CPC Committee, which concluded today, stressed the importance of conscientiously implementing the guidelines of the third plenary session of the 13th party Central Committee, strengthening party leadership, uniting as one to work in an active manner, and continuously pushing forward our province's reform and construction.

Zhou Wenhua, deputy secretary of the provincial party committee, presided over today's closing ceremony. Hou Jie, deputy secretary of the provincial party committee, gave a summarizing speech.

During the session, after conscientious study and discussions, the participating comrades unanimously expressed agreement with the work report presented by Sun Weiben on behalf of the provincial party committee. They pledged to unify their thinking in line with the important policy decisions of the party Central Committee, and, based on the actual conditions of our province, lead the masses to fulfill various tasks for improving the economic environment, rectifying economic order, and comprehensively deepening reform.

It was noted at the session: Considering improvement in the economic environment and rectification of the economic order to be key areas of reform and construction to be carried out during the next 2 years is the necessary prerequisite for guaranteeing the smooth progress of comprehensive reform in various fields; an important condition for realizing sustained, stable, and coordinated development of the economy; and an effective measure for enhancing the authority of the party and government and winning the trust of the people. At present, and over the next 2 years, the province should resolutely reduce the scale of fixed assets, comprehensively take stock of projects under construction, strictly control the inordinately rapid growth of consumption funds, resolutely cut back institutional purchases, control the issuance of currency, stabilize the banking system, maintain an appropriate economic growth rate, increase effective supply, take stock of and straighten out the various companies, control price increases, and ensure that next year's price rise index will be notably lower than this year's. It was pointed out at the session: To fundamentally solve the complicated problems we encounter along our way of advance, and to gradually establish a new order for the socialist commodity economy, we should make a success of the comprehensive and coordinated reform, including the price and wage reforms, in a well-guided, orderly, resolute, and stable manner. Of the coordinated reforms carried out in various fields, the most fundamental and important is reform of the mechanisms of enterprises, in particular, large and medium-sized enterprises. Next year the province should further promote the separation of government functions from business management, improve and upgrade the contracted management responsibility system, actively provide the necessary conditions for and popularize the stockholding system, widely popularize enterprise annexation and incorporation, develop enterprise groups, apply the mechanisms of township enterprises more quickly, and successfully carry out the reform of the labor system. In short, substantial progress should be achieved in next year's reform of the enterprise mechanisms. In our province's rural reform, we should focus on expediting the transition of the rural economy to the new system, further stabilize and improve the household output-related contract system, reform the system of purchasing and marketing farm and sideline products, develop the various forms of cooperation and association, and, based on specific local conditions, popularize the experiences in leased management of land and the double contract and double guarantee to raise labor productivity and the land output rate. We should create favorable conditions to organize and guide the peasants to gradually develop large-scale farming so as to promote sustained and stable growth of the rural economy.

The session stressed efforts to improve economic results to lay a solid economic foundation for comprehensively deepening reform. Poor economic results have always been a conspicuous contradiction in our province's economic activities. The work to improve economic results

is all the more pressing at present. The province should truly orient economic work to the track of improving economic results, rationalize the production setup, actively promote scientific and technological progress, greatly develop new products, and strive to raise operational and managerial levels.

It was noted at the plenary session: We should strengthen party leadership; enhance party authority; comprehensively use economic, administrative, and legal disciplinary means and ideological and political work to fully develop our political advantages; build party and government organizations at various levels into clean and honest leading organizations; and see to it that the entire party, higher and lower levels, strictly enforces discipline and unites as one. This is the basic guarantee for succeeding in improving the economic environment, rectifying economic order, and comprehensively deepening reform. Party organizations at various levels and party members throughout the province should achieve unity in their will, strictly enforce discipline, safeguard the overall situation in reform, and adopt realistic measures to make party and government organs clean and honest. They should strengthen and improve ideological and political work, successfully conduct education in the current situation, and actively and prudently push forward political structural reform and the improvement of socialist democracy and the legal system.

Heilongjiang CPPCC Committee Meeting Ends
*SK1410035088 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 13 Oct 88*

[Text] After 3 days in session, the fifth meeting of the sixth provincial CPPCC Standing Committee concluded in Harbin on the afternoon of 13 October.

Comrades participating in the meeting heard the report on the spirit of the 3d Plenary Session of the 13th CPC Central Committee relayed by Governor Hou Jie, and the report given by Vice Governor Chen Yulin on improving the economic environment and rectifying the economic order to ensure a smooth progress in the province's program of conducting reform and construction; discussed the National CPPCC Committee's provisional regulations on political consultation and democratic supervision; and heard the report given by Wang Zhao, chairman of the provincial CPPCC Committee, on the friendly visit to the Soviet Union's Far East region.

Participating members of the Standing Committee of the provincial CPPCC Committee unanimously maintained: The work conference and the 3d Plenary Session of the 13th CPC Central Committee sponsored by the central authorities were meetings to solve problems of key importance at the crucial moment. Placing the focal points of reform and construction on improving the economic environment and rectifying the economic order in the next 2 years is a measure that has an extremely important and practical significance.

Standing Committee members considered it accurate and suitable to our province's reality the measure for controlling the two fields, stabilizing the two fields, and consolidating a field set forth at the second plenary session of the sixth provincial party committee in line with our province's economic situation.

Participating representatives set forth many good opinions with regard to the seriousness and perniciousness of some problems, such as inflation, unfair social distribution, and decadent phenomena existing among party and government organizations.

In his speech at the closing ceremony Wang Zhao, chairman of the provincial CPPCC Committee, stressed: The CPPCC should bring its role into play in order to serve the work of improving the economic environment, rectifying the economic order, and deepening reform.

Northwest Region

Commentary Views Controlling Inflation in Shaanxi
HK0710091288 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 7 Oct 88

[Station Commentary: "To Stabilize Financial Situation, Control Inflation"]

[Excerpt] A vast number of consumers have become deeply interested in price hikes.

In the past people used to deposit money in the bank and did not like to store up too much at home. However, now people think they would rather rush to buy as many things as possible and save at home rather than deposit money in the bank. As a result, bank savings deposits are on the decline. Specialized banks in some areas find themselves in difficult circumstances and market supply is getting strained. [passage omitted]

At present banks are in a tight monetary position and find it difficult to continue their business not because of less money supply but because of large cash outflows. Some comrades say there is now gold everywhere. Some enterprises have several tens of thousands and even more than a million yuan in hand but they do not want to deposit them in the bank for fear that as long as the money is deposited in the bank, it will be inconvenient for them to withdraw. Some enterprises have large amounts of savings deposits in the bank but they refuse to pay off overdue loans because they fear that if they repay their loans it will be difficult for them to request them again. Some specialized banks dare not recall loans from enterprises for fear that their relations with them will be affected. Furthermore, due to mismanagement of the banking system, dead loans have doubled and redoubled and the turnover of funds is very slow, thus tightening the money market. Now that units and individuals have large sums of cash in hand, they often spend money wilfully. Some speculators take the opportunity to foment disorder and fish for illegal gains.

Experts believe that to effectively control inflation, it is absolutely necessary to exercise strict controls over the money supply, curtail loan operations, and hold the sluice gate of cash flow. Now many enterprises think they should manage to get loans and cash as much as possible in hand, so they pester banks all day long and complain of being hard up before administrative leaders. Some leaders of banks are distracted and cannot stand the pressure from local officials and both hard and soft tactics used by enterprises. Consequently, sharp increases in credit, excessive money supply and mounting inflation have appeared. The key to controlling inflation still lies in the following efforts: Enterprise leaders must take the overall interests into account and tap the potential of enterprises, banks must find out the real situation and curtail the scope of loans, administration for industry and commerce must conscientiously straighten out channels for circulation of commodities, and public security and judicial departments must severely crack down on economic criminal activities. At the same time, party member cadres and vast numbers of workers and staff members must have a sound understanding of the current situation and set an example by restraining themselves from rushing to shop and stirring up a tense atmosphere so they can work together to create social conditions favorable for reforms.

Shaanxi Leader Views Problems, Tasks
HK1310032388 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 13 Oct 88

[Text] The second enlarged plenary session of the seventh Shaanxi Provincial CPC Committee held a full gathering yesterday. As commissioned by the provincial party committee Standing Committee, Secretary Zhang Boxing delivered a work report to the session, entitled "Resolutely Implement the Spirit of the 3d Plenary Session of the 13th CPC Central Committee, Seriously Improve the Economic Environment and Rectify the Economic Order, Comprehensively Deepen the Reforms, and Strive for New Victories in Reforms and Construction in Shaanxi."

The report was in three parts: 1) review of work over the past 5 months; 2) resolutely implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee, and shift the work focus for the next 2 years to improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms; 3) strengthen party leadership and ideological and political work, and mobilize the party members and the masses throughout the province to work in concert to overcome the difficulties and strive for new victories in reforms and construction.

On the work focus for next year and the year after, Zhang Boxing said: The key to implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee and ensuring the attainment of the goal of improvement and rectification lies in unifying the understanding of the party and government cadres of the province and the

prefectures and counties. Viewed from the angle of our actual state of mind, to unify our understanding we must pay attention to focusing on resolving three relationships:

1. We must correctly understand the relationship between improvement and rectification on the one hand and reform and opening up on the other. The difficulties and problems facing us at present are on the one hand expressions of the long-accumulated defects of the old system, and on the other are the concentrated expressions of clashes and frictions between the new and old systems during the switch from the old to the new. Far from being the consequences of reform, these constitute the reason why reform needs to be further comprehensively deepened. Improvement and rectification certainly do not mean negating the orientation of reform or going back to the old road. Improvement and rectification are the guarantee for the comprehensive deepening of reform and are also an important content of it.

2. We must correctly understand the relationship between improvement and rectification on the one hand and economic development on the other. Improving the economic environment and rectifying the economic order are aimed at promoting and ensuring still faster and more coordinated development of the productive forces. As the whole country reduces its economic growth rate, curbs the swelling demand, and eases the contradictions in the shortages of energy, communications, and raw materials, we can draw support from stepping up the measures of macroeconomic regulation and control [tiao kong] and deepening comprehensive reform measures in readjusting the investment and industrial structures; we should carry on with those projects that should be built, cut those that should be cut, and discontinue those that should not be built. We should take a positive attitude in carrying out comprehensive improvement of the persistent ailments in the province's economy. In this way the province's economy can gradually shift from a growth rate pattern to an economic returns pattern and ultimately embark on the path of sustained, steady, and coordinated development. The attitude that Shaanxi can hardly do anything when the whole country is carrying out rectification and contraction must not be adopted.

3. Correctly understand the relationship between the whole and the partial. The series of major policy decisions of the central authorities meet the requirements of state and national interests and constitute the overall pattern. We must resolutely uphold this overall pattern. The problems in economic environment and order pointed out by the central authorities also exist in varying degrees in Shaanxi. Hence, doing a good job in improvement and rectification is the requirement of the steady development of the province's economy. We must also make some necessary sacrifices for the sake of long-term and overall interests, otherwise, if everyone stresses the interests of the partial and makes his own

calculations, this will hamper and damage the interests of the whole, and the central authorities' policy decisions and macroeconomic regulation and control [tiao kong] can hardly be put into effect.

On taking stock of and straightening out companies and cracking down on official and private profiteers, Zhang Boxing said that the focus should be on resolving problems of lack of separation of government and enterprise functions and of officials and business, and on speculation in pursuit of huge profit. Government organizations must completely sever links with companies and enterprises. Party and government leading cadres holding concurrent posts in companies must resign either from these posts or from their party and government organization duties by the end of October.

On strengthening and improving party leadership and ideological and political work, Zhang Boxing said: Whether or not we can make a success of improving the economic environment and rectifying the economic order represents a severe test for our party, and the task is arduous and difficult. Hence, it is essential to put into effect the necessary centralization and strengthen party leadership. We must establish the party spirit concept of putting party interests above everything and resolutely implement the CPC Central Committee's guidelines and policies. This is the duty and obligation of the party organizations at all levels. It is an iron discipline. Violations of the central guidelines and principles must be resolutely corrected.

In strengthening and upholding the authority of party leadership, the first and fundamental thing is the authority of the CPC Central Committee and State Council, and the enhancement of the prestige of the party organizations among the masses. To ensure the thorough implementation of the central measures, we must comprehensively adopt administrative, disciplinary, legal, and educational as well as economic measures. The party members, especially the leading party-member cadres, must restudy the party constitution and the guidelines for party life, and be models in carrying out the central policy decisions and observing discipline.

Second, we must strengthen and improve ideological and political work. At present the most urgent task is to conduct extensive and thorough education in the situation for all party members and the masses. We must clearly proclaim to the masses the achievements of the 10 years of reform, the difficulties and problems facing us, the conditions for overcoming the difficulties and winning new victories, and the aim of improvement and rectification.

Zhang Boxing said: The process of improving the environment, rectifying the order, and comprehensively deepening the reforms is a severe test for the combat strength of the party organizations and the awareness of the party members. The provincial party committee

therefore demands that, in the course of improvement and rectification work, the party organizations at all levels and the party members resolutely observe and follow party discipline, respond to the calls of the CPC Central Committee, resolutely oppose departmentalism, refrain from pursuing policies not in line with the central authorities, and resolutely carry out the regulations of the CPC Central Committee and State Council. They must not take advantage of loopholes in reform to drive up prices, reveal economic secrets, and buy up commodities in bulk. They must resolutely implement the central authorities' regulation that the party and government organizations and cadres must not engage in trade or run enterprises. They must not feign compliance with orders or oppose them in disguised fashion. They must resolutely uphold the authority of the central authorities, and should not give credence to or pass on rumors that damage the reputation of party and state leaders and interfere with and wreck economic order. They must also take the initiative to clarify groundless gossip and eliminate its influence. They must resolutely boycott unhealthy trends. They must not abuse their powers to engage in extortion, embezzlement, fraud, extravagance, waste, or squandering state property. They must carry

forward the fine tradition of arduous struggle and honesty. They must resolutely protect and support the reforms, and must not stifle, interfere in, or hamper the smooth progress of reforms and opening up under any pretext.

To facilitate the masses in supervising the party organizations and party members in executing these regulations, the provincial party committee has decided to institute a system of making three things public and carrying out one inspection. These are: To make public inside and outside the party the demands on the party organizations and party members; to make public inside and outside the party the party organizations' work system and the results of their work; and to make public the results of dealing with party members who violate discipline. The one inspection is: Step up inspection of discipline observance by the party organizations and party members, and promptly correct violations of discipline.

Dong Jichang, deputy secretary of the provincial party committee, presided at the gathering. Members of the provincial party committee, advisory commission, and discipline inspection commission were present. The comrades attending the fourth plenary session of the seventh Xian City CPC Committee attended as observers.

Premier Says Saudi Arabia Not Cutting Ties
*OW1310100488 Taipei CNA in English 1513 GMT
11 Oct 88*

[Text] Taipei, Oct 11 (CNA)—Premier Yu Kuo-hua denied Tuesday that the Kingdom of Saudi Arabia is going to sever diplomatic relations with the Republic of China [ROC].

Premier Yu made the solemn denial while answering an interpellation by Legislator Wang Chin-ping.

Yu said that ROC-Saudi Arabian relations have been growing normally and steadily.

The Hong Kong-based SOUTH CHINA MORNING POST recently reported that Saudi Arabia would soon establish diplomatic relations with Communist China and would simultaneously sever its ties with the ROC.

Premier Yu said the report was "absolutely unreliable" and "totally groundless."

Earlier in the day, Foreign Ministry spokesman Chen Yu-chu also issued a similar denial on the report.

'Concern' About Saudi Arabia-Mainland Contact
*OW1310164088 Taipei CNA in English 1558 GMT
13 Oct 88*

[Text] Taipei, Oct 13 (CNA)—The Republic of China [ROC] expressed its deep concern to the Kingdom of Saudi Arabia over its "direct official" contact with the Peiping regime, the Foreign Ministry said Thursday.

According to foreign wire service reports, Saudi King Fahd sent a special envoy on an official visit to Peiping.

Chen Yu-chu, Foreign Ministry spokesman, said the ministry had instructed the ROC Embassy in Saudi Arabia to contact the Saudi Arabian Foreign Ministry to gain a better understanding of the matter and to express the ROC's serious concern to the Saudi Arabian Government.

As to whether Saudi Arabia has hinted at such a diplomatic move by not sending a delegation to the ROC National Day celebrations, Chen said the Saudi ambassador to the ROC As'ad 'Abd al-Aziz al-Zuhayr, a former commander-in-chief of the Saudi Air Force before his assignment to the ROC is now the dean of the foreign diplomatic in Taipei corps and was the special envoy of King Fahd to the ROC National Day celebrations.

President Urges Attention to Communist 'Threat'
*OW1310100788 Taipei CNA in English 1617 GMT
11 Oct 88*

[Text] Taipei, Oct 11 (CNA)—President Li Teng-hui said Tuesday that the free countries of the Asian-Pacific region still face the threat of invasion and subversion by communist forces and this threat must not be ignored.

In a written message to the 23rd General Assembly of the Asian-Pacific Parliamentarians' Union [APPU], Li urged the free countries of the Asian-Pacific region to plan and cooperate closely in promoting the continued development of this region to enable people to enjoy free, democratic, peaceful, and prosperous lives.

The Republic of China [ROC], as one of the founding members of the Asian-Pacific Parliamentarians' Union, will continue, as in the past, to actively participate in the various activities of the union, to open a bright new road into the future for the Asian-Pacific region, Li said.

Presiding over the opening ceremony, Kung Teh-cheng, an ROC delegate to the meeting, said that APPU must issue strong calls to foster economic and sci-tech cooperation in a joint endeavor to safeguard the fruits of the region's development. He also urged the United States to assiduously apply the principle of reciprocity in international trade, and improve her trade ties with the nations of this region so that all people—Americans included—will be able to bask in the well-being of economic development.

Concerning the region's social problems, Kung said that APPU must work out guidelines for the equitable distribution of wealth and the general well-being as it strives to build Asia and the Pacific into a region where all will be increasingly wealthy under the principle of equitability.

Delegates from more than 20 countries in the Asian-Pacific area are attending the three-day meeting.

Commentary on Economic, Trade Ties With USSR
*OW0910090688 Taipei Domestic Service in Mandarin
2300 GMT 5 Oct 88*

[Station commentary]

[Text] Dear listeners: China's first trade delegation to the USSR, which has attracted considerable attention from industrial circles, is now smoothly carrying out various activities in Moscow and exploring ways to lay a good foundation for restoring Sino-Soviet economic and trade relations which have been broken off for almost half a century. The mission has been of tremendous significance and impact.

The head of the delegation, Mr Lin Tsu-ching, told international press circles in Bangkok the other day that the main purpose of his USSR visit was to seek ways to get rid of the intermediate role in Sino-Soviet trade played by Japanese trading companies, to sound out Soviet official intentions on doing business with our country, and to evaluate the vast potential of imports and exports and other business information. He said he hoped that progress will be achieved in these areas as a result of the trip.

The delegation is composed of representatives from six industries including the consumer goods, chemical, metal, machinery, and timber industries. With regard to imports, the delegation members are greatly interested in Soviet timber and basic metals. They will gather for reference such trade information as prices, quality, and other details when they visit plants and hold business meetings with Soviet counterparts.

Because of the shadows cast by history, no efforts have been made over the past 40 years or more to open economic and trade relations with the USSR. In recent years, our economic development has entered a critical transitional period. In addition, great changes have occurred in the political and economical situation at home and abroad. At a time when our economic and trade relations with the United States, Japan, and other nations are becoming more and more strained, our strategy of diversifying our overseas markets impels us to take the first step forward toward restoring Sino-Soviet economic and trade relations. At this epoch-making juncture, we would like to advance the following opinions and suggestions.

First of all, we would like to point out that it is not an easy task to successfully open up the Soviet market, because in the past we have not had any economic and trade exchanges with countries whose political and economic systems were different from ours. In the absence of sufficient experience, techniques, and information, we may need a period of exploration.

Due to changes in its political and economic system, the USSR is currently emphasizing economic liberalization. Domestically, small economic units such as cooperatives and associations have been promoted. However, these organizations are, insofar as the political system is concerned, still state-run enterprises.

We believe that the government should help the industrial and commercial organizations establish a sound, long-term economic strategy so that they will be able to deal with Soviet state-owned businesses on an equal footing and protect them from getting hurt. However, what is most important is that we must walk out from the shadows of history, overcome the perception of the Soviet Union as a communist country, and separate economics from politics. Only by doing so will we be able to successfully promote Sino-Soviet economic and trade relations.

Second, we would like to suggest to the economic and trade authorities and industrial circles to learn from Japan's experience in developing economic and trade relations with the Soviet Union. Japan and the Soviet Union had been bitter enemies who bore deep hatred of each other. This was especially true after the Japan-Russia war in the 1900's. However, the Japanese were able to take a long-term view.

Since [words indistinct], the Japanese Government has worked out a series of policies concerning economic relations and trade with the Soviet Union. Take, for example, the US\$800 million coal development project in earlier days, the loans as high as 200 billion yen of late, the Siberian forest development program which is already in its third phase, and so on. As a result of long-term investment, Japan is not only able to import such low-priced raw materials as coal and petroleum. At the same time, it makes good profits from exporting machinery, steel products, electrical appliances to the Soviet Union. The total trade volume reached US\$5 billion in 1986, with Japan enjoying a surplus of nearly 50 percent.

The Soviet Union is a big, resource-rich market with a population 250 million. We have taken the first step to enter this market. If we draw on Japan's experience, we will be able to open up a broad future for China's economic relations.

Minister Suggests Normal Pace

OW1310100588 Taipei CNA in English 1102 GMT
12 Oct 88

[Text] Taipei, Oct 12 (CNA)—The development of trade relations between the Republic of China (ROC) and the Soviet Union should proceed at a normal pace and nobody should get overly excited, Vice Economic Minister Wang Chien-hsien said Tuesday.

Asked by reporters about the current visit by an ROC trade mission to the communist country, Wang said that it was merely an exploratory visit by a private organization and that the event should not be publicized with much fanfare.

Current discussions in some sectors of upgrading the ROC-USSR trade to a direct approach are based on a rather impractical concept, Wang noted.

Kuomintang Urges Caution

OW1310095988 Taipei CNA in English 1522 GMT
12 Oct 88

[Text] Taipei, Oct 12 (CNA)—The Republic of China's [ROC] ruling party, the Kuomintang (KMT), expressed concern Wednesday over a visit to the Soviet Union by a local trade mission and called for the government to study the potential impacts from the visit.

The KMT's policy-making Central Standing Committee, in its weekly meeting Wednesday, discussed related developments and possible impact of the visit, the first by any ROC group in four decades.

The ROC trade mission of 58 businessmen flew into Moscow Oct 4 via Bangkok to study the USSR's trade environment and to explore the possibility of doing business with that country.

The group held an unofficial meeting with Soviet officials and representatives of state enterprises in Moscow on Oct 5. During the hour-long meeting, the ROC businessmen, eager to expand their Eastern European markets, expressed keen interest in promoting closer trade ties with the East Bloc country.

They also hinted at the possible mutual benefits that would arise from direct trade between the two countries. For the present, the ROC Government only allows indirect trade with the Soviet Union.

According to dispatches from local journalists accompanying the mission, the Soviet representatives said in the meeting that they were very interested in the ROC's successful economic development experience. The Soviets added, however, that direct trade between the two sides is not in the cards yet due to "technical difficulties."

KMT sources said that members of the Central Standing Committee, worried about the development, stressed that the ROC's anti-communist policy [words indistinct].

The government authorized direct trade with all East European countries at the beginning of the year. Only the Soviet Union and Albania were excluded because the two countries are still hostile to the ROC. The Standing Committee members are quoted as saying that "it is not necessary for us to change the decision."

The standing members also cautioned the private sector against the illusions of indirect trade with the Soviet Union, as prospects are dim in this regard because of Moscow's limited foreign trade.

According to statistics compiled by ROC trade authorities, Soviet external trade was estimated at some \$160 billion in 1987. In the same year, the ROC registered a foreign trade of \$80 billion.

The KMT committee agreed that any proposal to promote or change trade and economic relations with the Soviet Union should be considered from the view of overall national interests and basic national policy, and all questions concerning the matter should be handled with caution, KMT sources said.

The ruling party called on the government to study the possible impacts of the Soviet visit as soon as possible and to map out measures to with any developments that might follow.

The trade mission proceeded to Kiev after visiting Moscow. They will visit Minsk and Leningrad before returning home via Bangkok.

Official Warns Against Illusions

OW1310081188 Taipei CNA in English 0250 GMT
13 Oct 88

[Text] Taipei, Oct 13 (CNA)—A ranking Republic of China [ROC] Government official Wednesday warned local businessmen not to have illusions about trade with the Soviet Union because Moscow has effectively ruled out trading directly with the ROC.

Fredrick Chien, chairman of the Council for Economic Planning and Development [CEPD], said after attending a meeting of the ruling Kuomintang that the Soviet attitude was clear in its treatment of an ROC trade mission visiting the East bloc country.

According to dispatches from local journalists accompanying the trade mission—the first ROC group to publicly visit the communist nation in four decades—the Soviets told the mission that they prefer to trade with the ROC through the government of the Soviet republic of Ukraine, rather than through Moscow authorities.

Chien said this indicated that the Soviets intend to treat the ROC as a local government and are only willing to trade with the nation through a local Soviet Government and not on a nation-to-nation basis.

The Soviet action "should provide an answer as to how Taiwan people should deal with trade issues concerning the Soviets," the CEPD chief said.

Other ranking trade and economics officials also echoed Chien's opinion, cautioning Taiwan businessmen not to be too optimistic about Soviet trade.

ROC trade with the Soviet Union increased from below US\$4 million before 1985 to US\$29 million in 1986, but this was only a very small part of the nation's more than US\$60 billion in foreign trade that year, they said. They added that the amount of trade between the two countries is not likely to increase substantially in the near future.

Commentary Assesses Latest U.S. Trade Bill
OW0910062788 Taipei International Service
in English 0200 GMT 8 Oct 88

[Commentary: "Free Trade One, Protectionism Zero"]

[Text] The latest U.S. trade bill could not survive its own protectionism, and met a certain death at the hands of a failed veto override in the House of Representatives. The House voted 272 versus 152 to sustain President Ronald Reagan's veto of the controversial trade legislation, effectively killing it.

The news of the protectionist trade bill's demise on Capitol Hill was met with relief and some glee in Tokyo, Seoul, Hong Kong, Bangkok, and here in Taipei, where officials said that they were glad to see the U.S. Congress once again move away from the abyss of trade protectionism. These nations would have been most affected by the bill, which proposed to limit imports of textiles into the U.S. at 1987 levels for 1988, and at one percent annual growth beyond 1988.

U.S. Congressmen who supported President Reagan's veto said in debate on the House floor that the Congress had to stand up for consumers by supporting the veto. They argued that such import controls translate into higher retail costs for all American consumers, while protecting a narrow category of the American work force.

The White House issued a statement in praise of the congressional vote. It said in its own words, with the defeat of this protectionist legislation, we remain committed to expanding the business, investment and consumer opportunities for Americans. By sustaining the veto, the House has once again reaffirmed America's commitment to the free market and free international trade.

This was the second major protectionist bill to be shot down in the Congress in 6 months. Earlier this year, President Reagan threatened a veto of major omnibus legislation unless the trade portion of it, in particular the protectionist portions of it, were watered down. The Congress took Reagan's advice and came up with a bill that he could fathom. He signed it in June. The thrust of that bill did not have immediate impact on U.S. trade partners, but it did give the president the expanded power to retaliate against unfair trade practices. Most U.S. trade partners found that bill palatable.

As stated several times recently on these air waves, the Republic of China on Taiwan is always concerned about the rise of protectionist sentiments in Washington. But, on the other hand, officials here are more confident that Taiwan is becoming less and less a target of protectionist legislation on Capitol Hill.

The reasoning is fairly simple. In the past year or two, the Republic of China on Taiwan has taken a series of effective measures to accommodate the U.S. on trade issues. This has included slashing of tariffs and other import barriers, appreciation of the Taiwan dollar by some 40 percent to make U.S. exports to Taiwan cheaper, and a host of other programs to promote sales of U.S. products on Taiwan. These efforts have been recognized by the White House and by Congress, and the ROC on Taiwan has lately received due credit for its efforts.

But none of that detracts from the fact that Taipei felt compelled to join other East Asian nations in hoping that the veto of protectionist legislation would be sustained. The shared belief is that protectionism of any sort in Washington is bad for everyone, including the Americans themselves.

Editorial Views Mainland Economic Crisis
OW0710233488 Taipei CHINA POST
in English 28 Sep 88 p 4

[Editorial: "Chinese Communist Economic Crisis"]

[Text] The current meeting of the Chinese Communist Central Committee now being held at Peking and attended by more than 160 Central Committee members and several hundred other party officials may be crucial for the future of the Chinese Communist economy and even politics.

At stake is Chao Tzu-yang's future role in handling the Chinese Communist policies which have brought about 20 percent inflation in two decades, open corruption among the cadres, rising prices and bank runs by depositors.

Chao is the center of the attention as the delegates are waiting to hear from him the reasons for this sad state of affairs during the last few years. According to press reports, Chao delivered a three-point report focusing on outlining the fate of Mainland China's economic reforms over the next two years. The report said that Chao dealt with improving the economic situation and rectifying the economic order urging a more cautious stance and emphasizing stability rather than new initiatives in Communist China's 10-year drive to reduce central planning and tie production to market forces.

Chao also discussed ways to promote reforms in a planned way and under unified leadership, which is an apparent reference to differences within the party on how to cope with current economic problems.

There is no indication that Chao has yielded his economic policy decision power to Li Peng. However, as the meeting is just beginning, the conservative faction headed by Li Peng and Yao I-lin will surely make their

stand known to the delegates and other officials. Their report will reveal the differences between the two sides for Teng Hsiao-ping to show which side he would support.

As yet there is no indication that Chao is in serious trouble and may lose his political position. But Chao must produce a workable formula to combat the current price rises with retail prices much higher than previous months. He must also devise effective means to combat corruption among cadres throughout the land and runaway inflation as well.

If Chao cannot produce an effective formula to improve the situation, then he will surely lose control of directing economic policies to Li and Yao, who are actively opposing Chao's views. Then another internal power struggle will be waged among the Chinese Communists with its outcome yet to be revealed.

The Chinese Communist economic crisis is certainly being discussed at the Central Committee meeting which may decide the fate of Chao.

Hong Kong

Governor Wilson Addresses Legislative Council
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["Full text" of the Governor's Address to the opening session of the Legislative Council, delivered by Governor Sir David Wilson on 1 October]

[Excerpts] Honourable members of the Legislative Council, I welcome you all, and particularly those who have just joined the Council, to the first meeting of the new session.

The Legislative Council plays an increasingly important role in our community. Those who join the Council make a major commitment of their time and energy to public service.

However arduous the task, I feel sure that you will also find it rewarding.

This new session of the Council is part of an important evolutionary process. Three years ago, 24 elected members joined the Council for the first time.

This year the proportion of elected members has been further increased. We have with us today the representatives of two new functional constituencies and we have two fewer appointed members.

The process of development will continue. In 1991 we shall welcome to this Council 10 members who will be directly elected to represent geographical constituencies.

There will then be further changes in store as we move towards a system in which all members of the Council will be elected, by one form or another.

These changes to the composition of the Legislative Council are an important part of the evolution of our system of government in the years up to 1997 and beyond.

As our society develops, our increasingly well educated and prosperous population both seek, and deserve, to play a greater part in public affairs and have more say in the decisions that affect their own lives. It is right that this should happen. It is a trend which I welcome.

The government will continue to respond to it.

One by-product of this changing scene is more lively public debate on issues of concern to the community.

During the last session it was clear that wider membership of the Council has brought with it a greater diversity of views and a closer scrutiny of the work of the government.

The government does not shrink from scrutiny. Nor, as a community, should we shrink from the expression of different views.

We must, however, try to ensure that diversity remains a force for constructive change. It is the task of the Council to try to reconcile differing views in a way which acts for the good of the whole community.

The work done by this Council during the last session was substantial. I see no reason to believe that it will be any less so in this new session.

The policies of the Government which I shall put before you this afternoon will require a great deal of work from the Administration; and from this Council.

I know that the community will continue to be well served by Council members, working with the common goal of maintaining Hong Kong's stability and prosperity and improving the quality of life of its people. I look forward to working together with you to achieve these aims. Economic and Financial Situation State of the Economy and Prospects [subhead]

A healthy and growing economy is the essential foundation for all our efforts to improve the quality of life for the people of Hong Kong.

Over the past decades we have prospered by maintaining an open economy; by welcoming competition; and by encouraging the free flow of goods, capital and technology. This has enabled us to keep abreast of new developments; to remain competitive; and to maintain economic growth for the benefit of the whole community.

It has also helped Hong Kong to play an increasingly active role in the development of China's economy and external trade.

This year, our economy has continued to grow. But the rate of growth has been slower as the economy consolidates after very rapid advances in the past two years.

Last year domestic exports increased by 23 percent in real terms—a remarkably high figure. This year we expect further growth of about 6 percent—slower but still significant.

Re-exports continue to increase rapidly—this year by about 35 percent in real terms. These continuing high increases in our re-export trade—over 250 percent in the last five years—show that Hong Kong is resuming its historical role as an entrepot for trade with China and the rest of East Asia.

Overall we can expect our gross domestic product to increase this year by about 6 percent in real terms. Although this is a slower rate of growth than we have experienced in the past two years, it is still remarkably high by world standards.

It would give us an average annual growth rate of 10 percent in real terms over a three-year period.

With the economy operating close to capacity, our two main domestic worries the inflation and a shortage of labour. Consumer price inflation is now running at slightly over seven percent.

This is too high. But as the pressure of demand begins to slacken, inflationary pressures should also gradually ease.

Over the longer term, I remain confident that the outlook for the Hong Kong economy is bright. We are investing heavily in our physical infrastructure and human resources so as to create the conditions for continuing growth.

Nevertheless, we have to recognise that we are dependent not just on ourselves but on the economic performance of our major overseas markets and on our continued access to them, as well as on global exchange rate movements.

In these circumstances we must increase the capacity and competitiveness of our manufacturing industries and continue to fight for a more open world trading system.

The China Dimension

One key element in our economic future is the growth of Hong Kong's economic relations with China.

We are each other's largest trading partners. China is the second largest market for our domestic exports; the largest supplier and market for re-exports; and the second largest source of our retained imports.

Hong Kong in turn is the most important source of external investment in China, accounting for about two-thirds of all the external investment.

Access to business opportunities and economic resources in China have been major factors in sustaining the rapid growth of our economy. Not surprisingly, our neighbouring province of Guangdong plays a vital part in this.

It has been estimated that, in Guangdong Province alone, there are between 1.5 and 2 million people employed directly or indirectly by Hong Kong businesses.

This is more than the total number employed in the manufacturing sector in Hong Kong. At the same time, companies with mainland interests are making substantial investment in Hong Kong.

With the continuation of the open door policy, China's economy seems set to become increasingly externally oriented. The Pearl River Delta region in particular shows all the signs of continuing to be an area of high growth.

Hong Kong already has an important role to play in the economic development of southern China and, more widely, of China as a whole.

I hope we can continue to be not only a source of trade and investment but also an economic and financial centre linking China with the rest of the world. This will benefit both ourselves and China.

Trade

The Government's trade policy can be stated simply. It is to expand our access to overseas markets and promote a freer world trading system.

Our ability to argue for freer trade has been strengthened since Hong Kong became a separate contracting party of the GATT. We are, for instance, active participants in the current Uruguay Round of Multilateral Trade Negotiations.

Given our reliance on trade, protectionism in our major markets is a constant threat.

Recent United States omnibus trade legislation is, I am pleased to note, less protectionist than earlier drafts foreshadowed; and I welcome the President's veto of the recent protectionist Textile Bill. But we must continue to be aware of, and guard against protectionist sentiment in the United States Congress.

The Trade Department and the government's Overseas Offices are constantly alert for the emergence of protectionism in new forms and in new places.

So far their efforts have been rewarded with quiet success and they have earned respect and influence in the international trading community. But our efforts must not flag.

We have recently set up a new Economic and Trade Office in Tokyo. We are also expanding the programme of sponsored visits to Hong Kong by representatives from our major trading partners, so that they can see for themselves our free trade system and economic potential.

We set a good example in our trading practices. We must continue to make sure that this fact is widely known.
[passage omitted]

Public Order and Security

Defence and Public Order [subhead]

The past year has seen some important developments on security matters. After long and sometimes difficult negotiations, a new Defence Cost Agreement was signed in July.

It covers the period up to 1997. Our objective in the negotiations was to reduce the amount paid by Hong Kong to maintain the garrison during a period when we shall be spending more on building up our own security forces.

As a result of the negotiations, Hong Kong's share of the cost of the garrison has been reduced significantly. Even allowing for the expansion of our own security forces, defence expenditure is unlikely to exceed 0.5 percent of GDP in the period up to 1997.

By world standards our expenditure on defence is small. But this does not mean that we take the security of Hong Kong lightly. The withdrawal of British troops will be planned on a prudent and gradual basis with no sudden changes. I do not expect any significant withdrawals before 1992.

We have already started developing our local services to ensure that we can meet all commitments for the maintenance of public order both before and after 1997.

In particular, we are now establishing a new unit within the police force. Starting in 1990, this will progressively take over full responsibility for preventing illegal entry into Hong Kong; a task in which the British garrison at present plays a major role.

I am confident that the police will be capable of undertaking this new task with the same dedication and effectiveness as the garrison forces. [passage omitted]

Emigration/Immigration

Population mobility has long been a feature of Hong Kong. Many of our residents migrated here from China. Throughout Hong Kong's history, many have chosen to move overseas for education, training, career reasons or permanent settlement.

Recent increases in the number of people emigrating must be seen against this historical and cultural background. Nevertheless they are a cause for concern.

Added to the traditional reasons for movement is a degree of uncertainty about the future and the search for some sort of insurance policy. It would be helpful to have accurate statistics to assess the real nature of the problem.

But these are hard to come by. We do not keep a record of the reasons why people leave Hong Kong nor of how long they propose to be away.

To get a better understanding of the problem, a government task force was set up earlier this year to gather information about emigration. Their estimate, and I stress that it is no more than an estimate, is that some 30,000 people left in 1987, while at the same time about 3,000 former emigrants returned using their old Hong Kong travel documents.

In addition an unknown number probably returned using their newly acquired passports. The task force estimates that some 45,000 people will emigrate this year.

It is not possible to say with any certainty how many former emigrants will return in 1988. But it seems likely that the net outward flow will exceed 40,000.

These figures need to be seen in perspective. Emigration from Hong Kong has always fluctuated a great deal. For example, in the mid-1970's, the average net outflow was about 38,000 people a year.

The latest forecasts should be set against this background although they do of course represent an increase compared with the period 1981 to 1986, when it is estimated that on average 20,000 people a year emigrated.

It is also important to note that the estimates I have quoted include all members of the family, from the elderly to the very young. Only just over half of those emigrating are in full-time employment.

Of these, less than half are in professional, administrative or managerial positions. It is therefore not correct to assume that 45,000 professionals will leave Hong Kong this year. The true figure is less than a quarter of that.

Another significant factor is that opportunities for emigration are probably higher now than they have ever been. Destination countries with a global quota system have increased their overall number of places, thus making more room for Hong Kong people. In one significant case, where there is a country by country quota, Hong Kong's share has been increased.

Moreover, the points systems operated by some destination countries give strong preference to the better educated and in Hong Kong we have a large number of people who are well educated.

Now that we have a better idea of the numbers involved, the next step is to analyse the problem as carefully and accurately as we can and then decide what we can and should do about it.

I shall begin by stressing what we will not do. There is no question of interfering in any way with the freedom of people to travel and settle elsewhere. This freedom is fundamental.

Its continuation after 1997 is also guaranteed in the Joint Declaration.

We need to obtain as much practical information as possible about the qualifications and professional experience of those who are leaving. We can then make sure that our education and training programmes provide a sufficient flow of qualified people to fill the gaps.

At present the evidence suggests that the overall number of new university graduates each year exceeds the number lost to emigration. We must make sure that this continues to be the case and that the new graduates have the knowledge and skills we need, although of course a fresh graduate gained does not equate immediately with an experienced person lost.

We also need to consider what can be done to make it easier for people to return. Many people who have moved abroad remain strongly attached to Hong Kong and our unique way of life.

No wonder. Other places seem tepid by comparison. Moving away from family and friends and settling in an alien environment is no easy matter. But are there any obstacles to their coming back which we can remove?

For a start, we are looking at the need for more international schools to cater specifically for children who return from overseas with their parents. Such schools would make it easier for children who have started their education abroad to continue it in Hong Kong.

We are also looking at how to improve contact with Hong Kong people who have moved overseas and who may be thinking of returning. We need to keep former residents up to date with what is happening in Hong Kong, the investment opportunities and the continued attractions of living and working here.

Emigration is not a short term phenomenon. It is likely to continue. We must face up to it realistically and deal with it in practical ways. The more we do to make Hong Kong a better place to live in, by maintaining our buoyant economy, by improving education, housing, the environment and the quality of life, the less likely people are to want to cut themselves off from their roots and leave this remarkable territory to which they are so deeply—and rightly—attached. [passage omitted]

Vietnamese Boat People

For 13 years Hong Kong has had to cope with the problem of Vietnamese boat people.

We have a record to be proud of. Since 1975, 133,000 boat people have arrived in Hong Kong. In 1979 alone almost 69,000 came here.

None of them has been turned away. But, as the years have passed, our community has found it increasingly hard to accept that this phenomenon has turned out to be not a short-term emergency but a continuing outflow.

At the UNHCR [United Nations Office of High Commissioner for Refugees] organized conference on refugees in Geneva in 1979, there was an understanding that all boat people leaving Vietnam would be classified as refugees.

The places where they arrived would give them temporary shelter. Countries of resettlement would provide a long term home.

We in Hong Kong have been prepared to play our part by providing temporary shelter on the basis that other countries were prepared to offer permanent re-settlement.

In recent years it has become apparent that this complementary arrangement has broken down. In 1987 the number of boat people resettled from Hong Kong fell by 42 percent.

In the same period the numbers arriving there increased by 65 percent. In addition, the type of people who were arriving changed.

They are now almost all ethnic Vietnamese, most of them from what was formerly North Vietnam.

Many of the resettlement countries have questioned whether these people are not economic migrants rather than refugees as defined under accepted international criteria: They have been unwilling to provide resettlement places for them.

Most Vietnamese boat people do not want to stay in Hong Kong. They are seeking a new life overseas, in the United States, Canada or Australia. The tragedy is that doors are no longer open for them. They are people on a journey to nowhere.

It was against this background that the Government introduced a change in policy on 16 June.

Since then all boat people arriving from Vietnam have been carefully screened. Those who are identified as genuine refugees can remain in Hong Kong until they are resettled overseas.

Those who are not must be returned to their country of origin, as is the case with illegal immigrants anywhere in the world. Their repatriation to Vietnam must of course be under conditions that are acceptable to us and the international community.

In deciding refugee status, we follow guidelines established by the United Nations High Commissioner for Refugees (UNHCR). In addition, under a recently concluded understanding, we have invited the UNHCR to monitor our procedures and provide advice to people who wish to appeal against decisions to refuse them refugee status.

The UNHCR have also agreed to provide funds for the care of all Vietnamese boat people in Hong Kong, whatever their status. This will reduce the cost borne by Hong Kong by some \$150 million a year.

The central element of our policy must remain the search for durable solutions. For those who are screened as economic migrants, the only solution is repatriation. Starting such a programme is the main objective of our discussions with the Vietnamese Government.

We made some progress in the first round of talks in August. We hope to make more in the second round taking place in London this week. The sooner we can start returning some people to Vietnam, the quicker the message will get through that the only way to leave Vietnam is by means that are legal and safe—the Orderly Departure Programme.

For those who are defined as refugees—some 15,000 who were here before mid-June plus those who arrived after that date and are found to be genuine refugees—our aim remains to find resettlement places overseas. We will continue to press for more generous treatment from resettlement countries.

While we await the return of economic migrants to Vietnam and the transfer of refugees to resettlement countries, we must continue to provide shelter for larger numbers of boat people. We are doing this to the best of our ability in the difficult circumstances of a greatly increased inflow.

It has placed a heavy burden on our facilities and on those government departments who deal with the boat people. All concerned have responded magnificently to the crisis. I would like also to record my appreciation of the work of the UNHCR and the voluntary agencies who contribute significantly to the welfare of these unfortunate people.

As part of the policy change announced on 16 June we undertook to liberalise the conditions of those who are defined as refugees and are awaiting resettlement. This will be a gradual process.

It will result in the UNHCR taking over full responsibility for the camps. It will enable refugees to acquire educational qualifications and work skills which will make them more acceptable to resettlement countries.

Job placement locally will be carried out with care by the UNHCR. There will be no sudden flooding of the labour market, or the streets, by people who were formerly in closed camps.

The new centres, once they are opened, will be properly managed. Their existence will not affect the services available to local people. Where extra policing is required, this will be provided.

In dealing with the influx of boat people from Vietnam the government will be both fair and firm. We must be conscious both of humanitarian principles and the needs of our own community. [passage omitted]

Implementation of the Declaration

Relations with China [subhead]

We have continued to build up and develop contacts with China at all levels.

I visited Beijing, Guangdong and Shanghai at the end of last year. The Chief Secretary went to Beijing and Chengdu in May 1988.

Later this year I shall make a further visit to Beijing and go also to Fujian.

In June we were able to welcome the director of the Hong Kong and Macao Office of the State Council, Mr Ji Pengfei, on a second visit to Hong Kong.

I was also pleased that Vice Premier Tian Jiyun spent 5 days here in May.

He is the most senior Chinese leader to visit Hong Kong since 1949. I see such high-level visits as being helpful to both sides.

They enable Chinese leaders to see for themselves how Hong Kong works; and they enable many people in Hong Kong to meet senior Chinese leaders personally.

Our relations with our neighbours in both Guangdong and the Shenzhen Economic Zone have continued to develop.

I visited Shenzhen in March this year and the Mayor of Shenzhen accepted my invitation to pay a return visit to Hong Kong in May.

Both official contacts, and the multitude of private contacts which are now a regular part of our relationship with the Mainland of China, are important in building greater understanding on both sides and laying lasting and mutually beneficial foundations for the future.

Draft Basic Law [subhead]

A development of great importance to the future of Hong Kong was the publication of the first draft of the Basic Law in April.

This long and complex document has emerged from a two-year drafting process in which Hong Kong people played an important part.

The Chinese Government have made it clear that they attach great importance to the views of the people of Hong Kong on the draft.

Mainland members of the Drafting Committee have visited the territory twice. They have shown a welcome willingness to listen to views on the first draft and to take them into account when it is revised.

The second draft of the Basic Law will be put to the Standing Committee of the National People's Congress next year and will then be published for further consultation.

The final version is scheduled for promulgation in 1990. The Basic Law will set out the constitutional framework for the Hong Kong Special Administrative Region [SAR] for the 50 years after 1997.

But before that date—indeed as soon as it is published—it will be a crucial factor in maintaining confidence in Hong Kong's future both here and overseas.

The people of Hong Kong will be looking to the Basic Law to state in clear and workable terms the details of the policies set out in the Joint Declaration and its annexes, including the provision of a high degree of autonomy under the formula of "one country, two systems".

So too will the international business community whose investments are so important to Hong Kong.

Joint Liaison Group/Land Commission

The Joint Liaison Group (JLG) and the Land Commission have both continued to make good progress in implementing the Joint Declaration and have registered a steady stream of practical achievements in their respective fields.

I will list some of these. Through the work of the JLG there is now agreement on transitional arrangements for all Hong Kong travel and identity documents, thus allowing documents issued before 1997 to continue to be used after the establishment of the Hong Kong SAR.

Agreement has also been reached on Hong Kong's continued participation after 1997 in eight more international organisations, including the International Labour Organisation, the World Health Organisation, the International Atomic Energy Agency and Interpol.

As a result of agreement reached at the JLG, Hong Kong has concluded its own Air Service Agreements with Switzerland and Canada.

Other separate agreements are being negotiated. Both sides have also reached agreement on the principles underlying future arrangement for the surrender of fugitive offenders, and on improvements to the terms of service of the Judiciary, which have implications beyond 1997.

They have also agreed that a new unit of the police force, to which I have referred earlier, should in future take over responsibility for preventing illegal entry into Hong Kong.

One important new area that the JLG has been considering is the localisation of UK legislation which now applies to Hong Kong.

Changes will have to be made so that Hong Kong will have its own laws covering the same ground as the existing UK legislation.

Agreement has been reached on the principles which should govern the localisation process.

Members will be asked soon to consider the first item of this localised legislation, which deals with Admiralty jurisdiction.

Conclusion

I have tried to paint a picture of Hong Kong as it is: a dynamic, bustling society with a remarkable record of economic growth and an ability to confront the problems which face us.

In looking ahead I have put before you a range of policy initiatives which are designed to deal not just with the short term or the medium term, but the long term as well.

As a society, and as a government, our horizons are not limited by 1997: They extend well into the next century.

I have tried to paint the picture as it is, warts and all. We have problems which we must tackle: insufficient educational opportunities at the university and polytechnic level; increasing traffic congestion; an environment being damaged by our own economic success; nervousness about the future; shortage of both semi-skilled and unskilled labour; the so-called "brain drain"; how to deal with the influx of people coming by boat from Vietnam; and so on.

What matters is not that we have problems—no society is without them—but that we are prepared to face them honestly and tackle them realistically.

The next few years are important for Hong Kong. We have to make sure that our economy remains dynamic and prosperous.

Without this we cannot achieve our other objectives, whether social or economic.

We must build up our educational facilities so that we can stay in the front rank of technological advance and train the generations who will be running the Hong Kong Special Administrative Region after 1997.

We need to develop our social and medical services so that we have a society which is both healthy and caring.

We must improve our environment, from the overcrowded old urban centres to our beaches and countryside.

We must maintain our international economic links and our open economy, to benefit ourselves and to be a bridge between China and the Western world.

And we must develop and consolidate our governmental institutions so that they can tackle effectively our immediate problems, be ready for the changes which will take place in 1997 and provide a firm foundation for a prosperous, stable and lively Hong Kong SAR in which the energy and initiative of Hong Kong people will have full scope.

The longer I am here the more I am convinced that we have the ability, and the will, to do all these things.

We have an energetic, skilled and pragmatic population. We have the assurance that both Britain and China are determined to work for the full and effective implementation of the Joint Declaration.

And, finally, I hope I have demonstrated today that we have a government which is determined to think long term and give an energetic lead to the efforts of the people of Hong Kong to improve the life of this community—an objective which means so much both to me and to all of us.

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17 Oct. 1988

